

# Second Quarter 2017 Results Presentation

27 July 2017



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# Agenda

## Results Overview

## 2Q17 & 1H17 Group Performance Trends

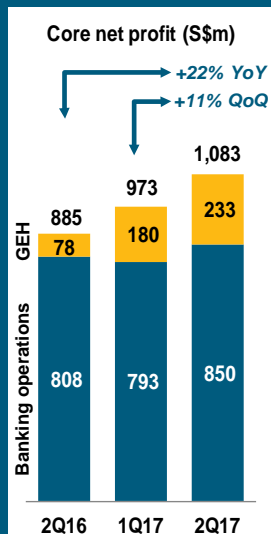
## Appendix: Performance of Major Subsidiaries

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- OCBC NISP

# 2Q17 Highlights

Net profit rose 22% YoY and 11% QoQ to S\$1.1b; ROE improved to 11.9%

## Earnings



**Net Interest Income: S\$1.35b**  
(2Q16 : S\$1.26b)

**Non-interest Income: S\$1.1b**  
(2Q16 : S\$0.8b)

**Operating Expenses: S\$1.0b**  
(2Q16 : S\$0.9b)

**Allowances: S\$0.2b**  
(2Q16 : S\$0.1b)

**Net Profit: S\$1.1b**  
(2Q16 : S\$0.9b)

**ROE: 11.9%**  
(2Q16 : 10.4%)

- Strong performance across OCBC Group
  - Broad-based income growth across geographies and businesses
  - Wealth management income up 52% YoY and 9% QoQ
  - Private banking AUM grew 47% YoY and 5% QoQ to US\$89b
  - GEH's TWNS and NBEV rose 6% and 17% YoY respectively
  - All major subsidiaries' local reporting earnings up QoQ
- Costs well-controlled; up 6% YoY and 2% QoQ; cost-to-income ratio at 41.4%
- Overall credit quality healthy; NPL ratio unchanged QoQ at 1.3%; coverage ratios maintained above 100%

## Assets and liabilities

**Customer Loans: S\$229b**  
(2Q16 : S\$205b)

**Customer Deposits: S\$264b**  
(2Q16 : S\$246b)

- Customer loans and deposits up 11% and 7% YoY respectively
- Sustainable funding base, mainly comprising customer deposits, of which CASA deposits made up 51%

## Capital and liquidity

**CET1 ratio: 13.0%**  
(2Q16 : 14.9%)

**Leverage ratio: 7.8%**  
(2Q16 : 8.2%)

**All-currency LCR: 144%**  
(2Q16 : 130%)

- Comfortable level of capital
- Strong liquidity and funding position

# 2Q17 Group Performance

Net profit grew 11% QoQ and 22% YoY to over S\$1b

OCBC Group	2Q17 S\$m	1Q17 S\$m	QoQ +/(-)%	2Q16 S\$m	YoY +/(-)%
Net interest income	1,345	1,272	6	1,260	7
Non-interest income	1,053	977	8	788	34
<b>Total income</b>	<b>2,398</b>	<b>2,249</b>	<b>7</b>	<b>2,048</b>	<b>17</b>
Operating expenses	(992)	(973)	2	(932)	6
<b>Operating profit</b>	<b>1,406</b>	<b>1,276</b>	<b>10</b>	<b>1,116</b>	<b>26</b>
Amortisation of intangibles	(27)	(26)	–	(24)	10
Allowances	(169)	(168)	1	(88)	93
Associates	119	114	5	103	17
Tax & non-controlling interest (“NCI”)	(246)	(223)	10	(222)	11
<b>Net profit</b>	<b>1,083</b>	<b>973</b>	<b>11</b>	<b>885</b>	<b>22</b>

# 1H17 Group Performance

Half year net profit increased 18% YoY to S\$2.1b

OCBC Group	1H17 S\$m	1H16 S\$m	YoY +/(-)%
Net interest income	2,617	2,567	2
Non-interest income	2,030	1,541	32
Total income	4,647	4,108	13
Operating expenses	(1,965)	(1,855)	6
<b>Operating profit</b>	<b>2,682</b>	<b>2,253</b>	<b>19</b>
Amortisation of intangibles	(53)	(48)	10
Allowances	(337)	(255)	32
Associates	233	209	12
Tax & NCI	(469)	(418)	12
<b>Net profit</b>	<b>2,056</b>	<b>1,741</b>	<b>18</b>

# 2Q17 Banking Operations Performance

2Q17 net profit *before GEH* contribution (“Banking Operations”) rose 7% QoQ and 5% YoY to S\$850m

Banking Operations	2Q17 S\$m	1Q17 S\$m	QoQ +/(-)%	2Q16 S\$m	YoY +/(-)%
Net interest income	1,322	1,248	6	1,235	7
Non-interest income	700	687	2	625	12
Total income	2,022	1,935	5	1,861	9
Operating expenses	(929)	(911)	2	(880)	6
<b>Operating profit</b>	<b>1,093</b>	<b>1,024</b>	<b>7</b>	<b>981</b>	<b>11</b>
Allowances	(166)	(164)	1	(84)	96
Associates	123	117	5	105	17
Amortisation, tax & NCI	(201)	(184)	10	(194)	4
<b>Net profit from banking operations</b>	<b>850</b>	<b>793</b>	<b>7</b>	<b>808</b>	<b>5</b>
<b>GEH net profit contribution</b>	<b>233</b>	<b>180</b>	<b>30</b>	<b>78</b>	<b>200</b>
<b>OCBC Group net profit</b>	<b>1,083</b>	<b>973</b>	<b>11</b>	<b>885</b>	<b>22</b>

# 1H17 Banking Operations Performance

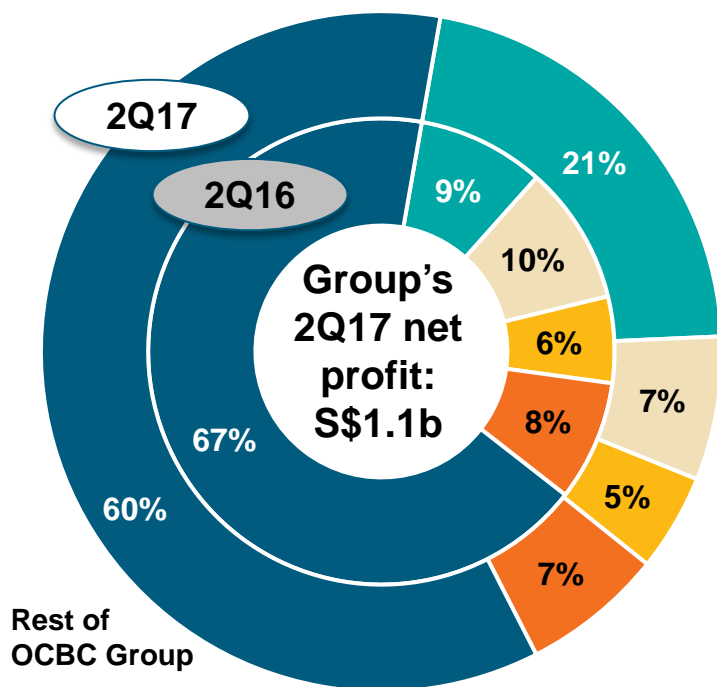
Half year net profit for Banking Operations up 3% YoY to S\$1.6b

Banking Operations	1H17 S\$m	1H16 S\$m	YoY +/(-)%
Net interest income	2,570	2,519	2
Non-interest income	1,387	1,224	13
<b>Total income</b>	<b>3,958</b>	<b>3,743</b>	<b>6</b>
Operating expenses	(1,840)	(1,747)	5
<b>Operating profit</b>	<b>2,117</b>	<b>1,996</b>	<b>6</b>
Allowances	(330)	(248)	33
Associates	240	214	12
Amortisation, tax & NCI	(385)	(372)	3
<b>Net profit from banking operations</b>	<b>1,643</b>	<b>1,590</b>	<b>3</b>
<b>GEH net profit contribution</b>	<b>413</b>	<b>151</b>	<b>173</b>
<b>OCBC Group net profit</b>	<b>2,056</b>	<b>1,741</b>	<b>18</b>

# Subsidiaries' Performance

Major subsidiaries contributed 40% to the Group's second quarter net profit

## Net Profit Contribution to the Group



	Key Metrics		YoY
	2Q17	2Q16	
Great Eastern Holdings	TWNS	S\$256m	+6%
		S\$242m	
	NBEV	S\$121m	+17%
		S\$103m	
NBEV margin	47.4%	42.7%	+4.7ppt
Net profit	S\$279m	S\$102m	+173%
OCBC Wing Hang	Net profit	HKD494m	-6%*
		HKD525m	
	Loans	HKD170b	+18%
	HKD144b		
Deposits	HKD204b	+15%	
	HKD177b		
OCBC NISP	Net profit	IDR567b	+24%
		IDR457b	
	Loans	IDR101t	+17%
	IDR86t		
Deposits	IDR106t	+15%	
	IDR93t		
OCBC Malaysia	Net profit	RM234m	+6%
		RM222m	
	Loans	RM69b	Flat
	RM69b		
Deposits	RM71b	-4%	
	RM74b		

Note: Further details on the subsidiaries are set out in the Appendix.

\* "ppt" denotes percentage points.

\* OCBC Wing Hang's profit before tax was up 3% YoY but net profit was lower as the prior period included a tax write-back.



# Agenda

Results Overview

**2Q17 & 1H17 Group Performance Trends**

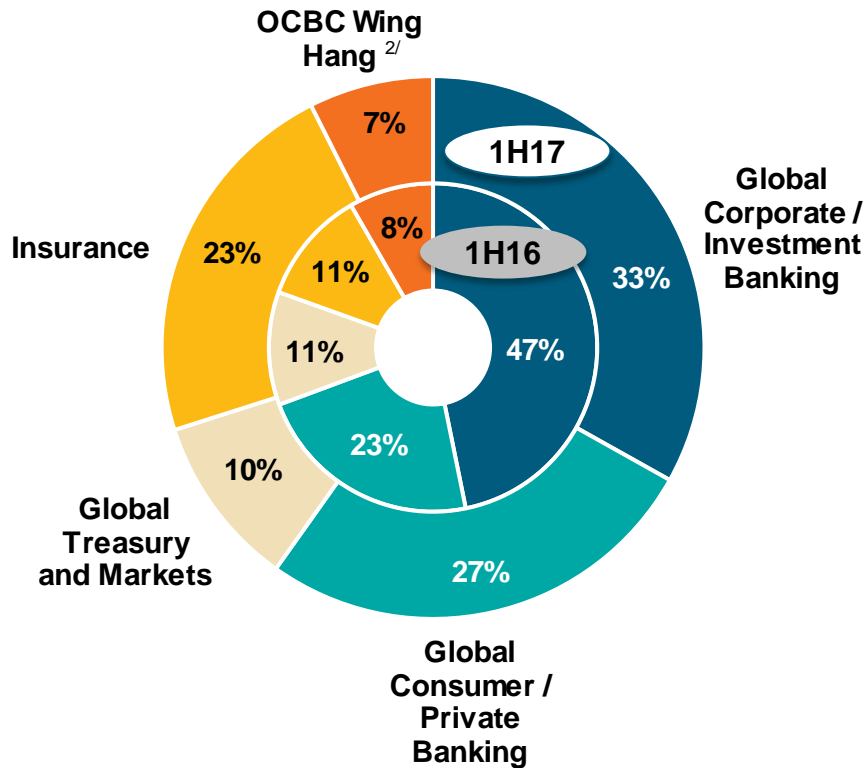
**Appendix: Performance of Major Subsidiaries**

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- OCBC NISP

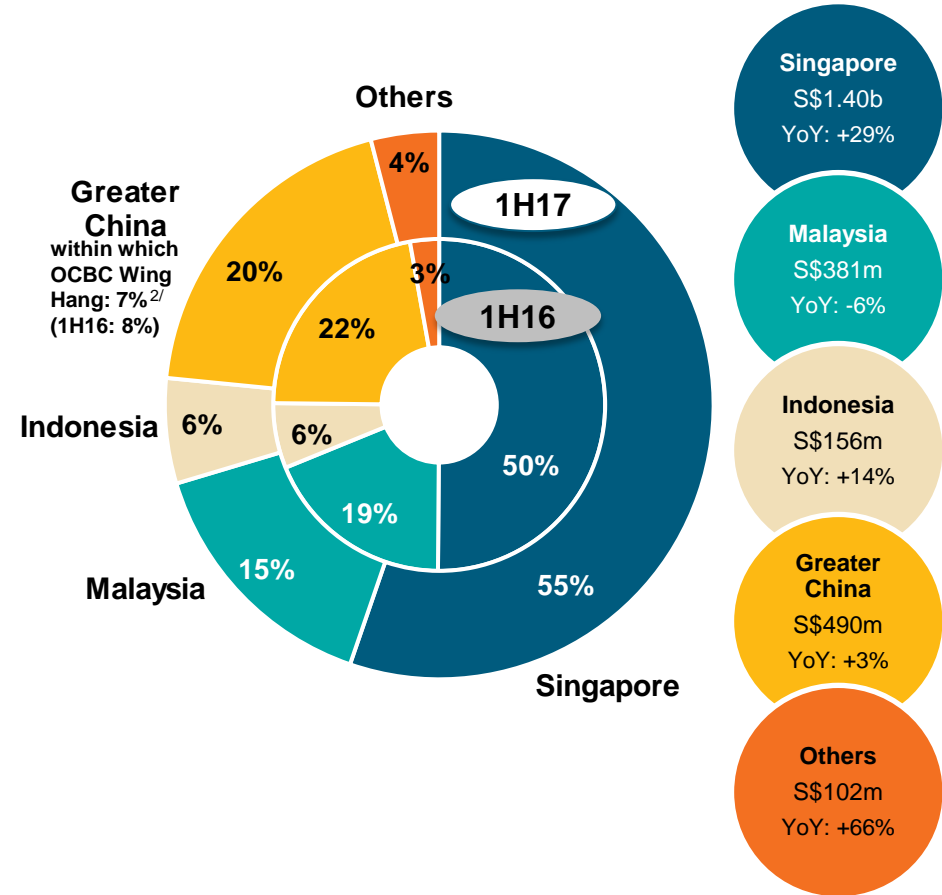
# Profit before tax

Earnings well-diversified across key geographies and business segments

1H17 PBT  
by Business<sup>1/</sup>



1H17 PBT  
by Geography

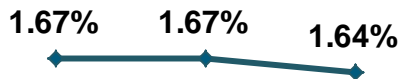


1/ Operating profit after allowances and amortisation. Excludes the Others segment, which comprises mainly property holding, investment holding, items not attributable to the business segments, as well as the offset of China operations which is reported in both the business segments and OCBC Wing Hang.  
2/ This included OCBC Bank (China) from mid July 2016.

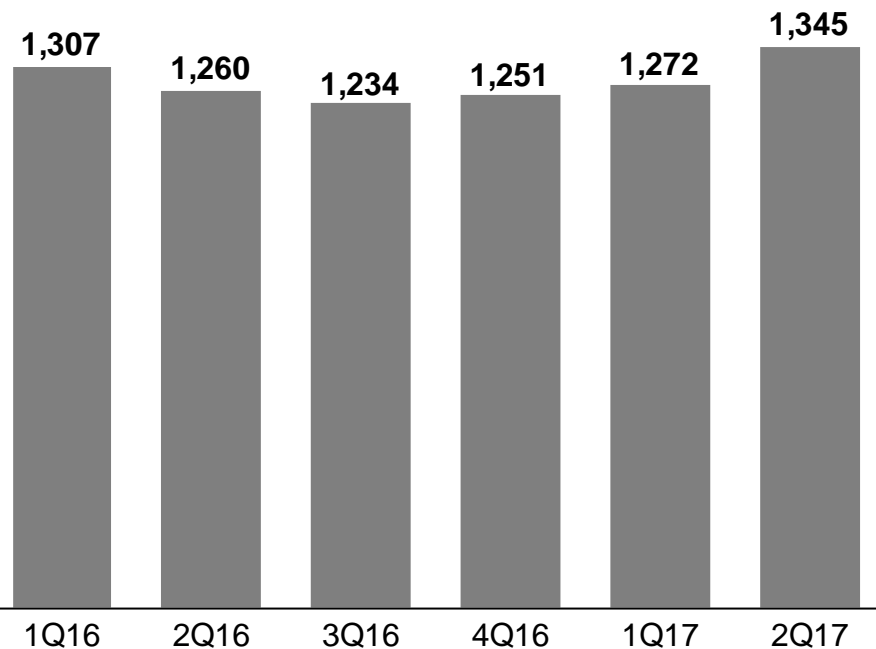
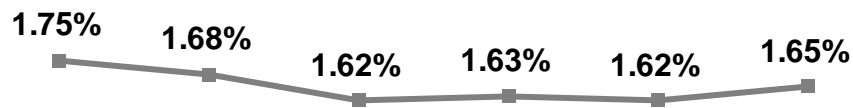
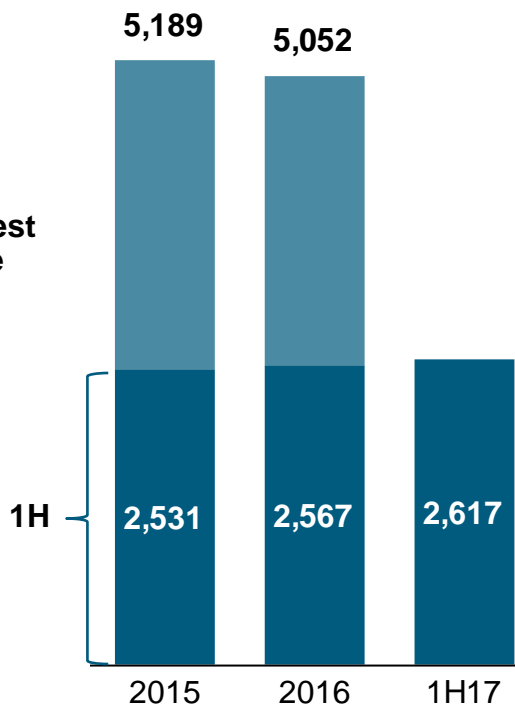
# Net interest income

2Q17 net interest income up 6% QoQ, driven by asset growth and 3 bps rise in NIM

Net interest margin ("NIM")



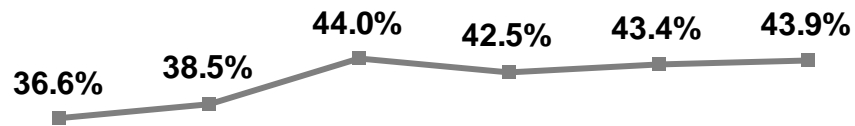
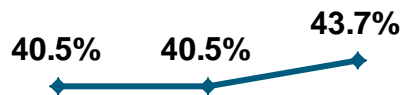
Net interest income (S\$m)



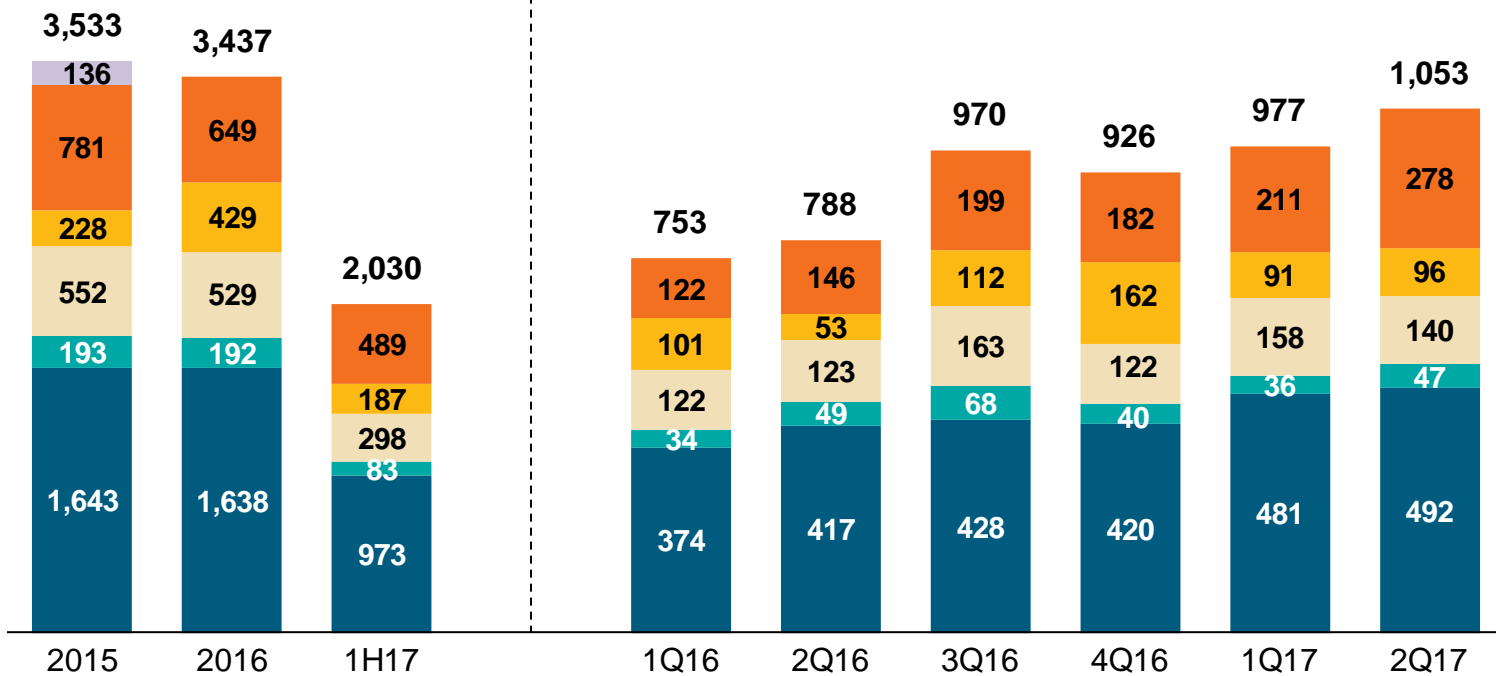
# Non-interest income

2Q17 non-interest income up 8% QoQ and 34% YoY

Non-interest income / Total income



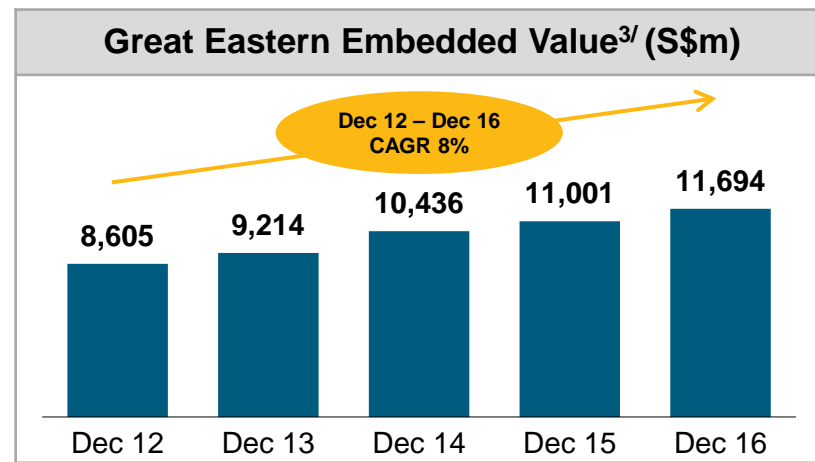
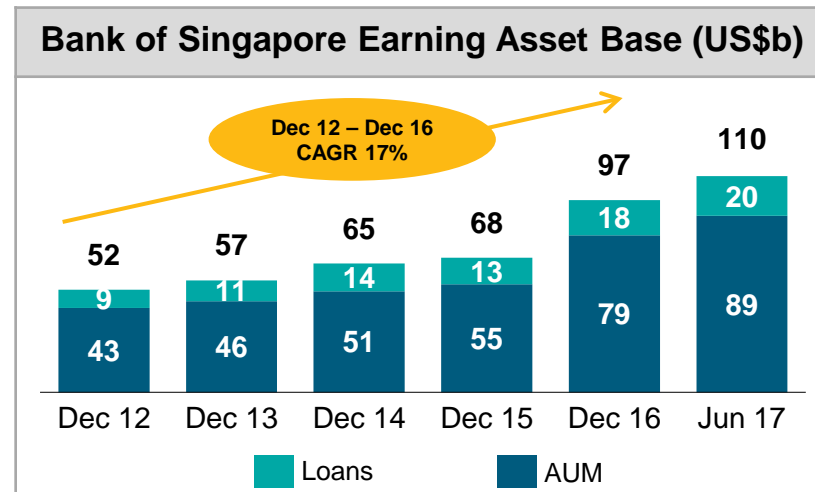
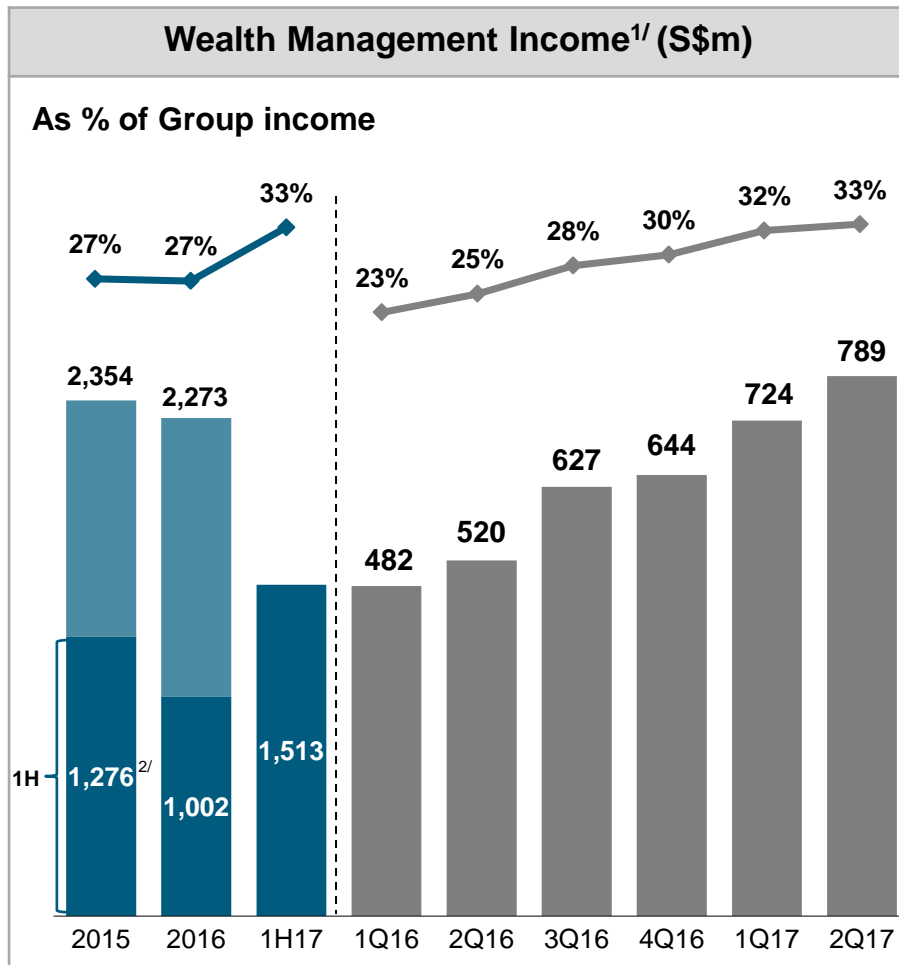
Non-interest income (S\$m)



- Fees & commissions
- Dividends & rental income
- Trading income
- Net gains from investment securities and others
- Life & General Insurance
- Realised gain from the sale of an investment in GEH's equity portfolio

# Wealth Management

2Q17 wealth management income rose 52% YoY, driven by strong growth across OCBC's Consumer Banking, Private Banking and Insurance franchise



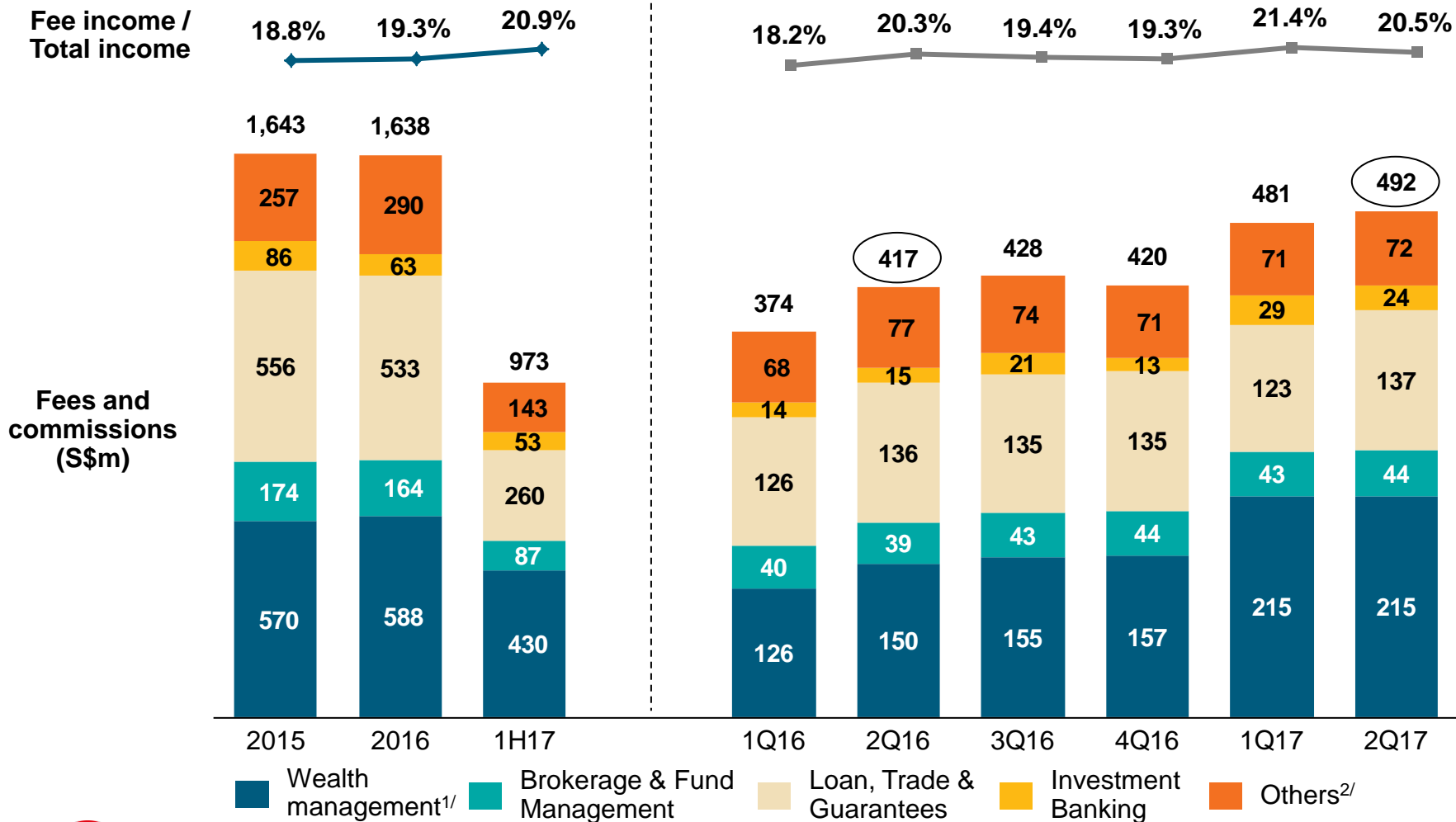
1/ Wealth management income comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

2/ 1H15 included a realised gain of S\$136m from the sale of an investment in GEH's equity portfolio.

3/ An actuarial embedded value is a commonly used technique to estimate the economic value of the existing business of a life insurance company.

# Fees & Commissions

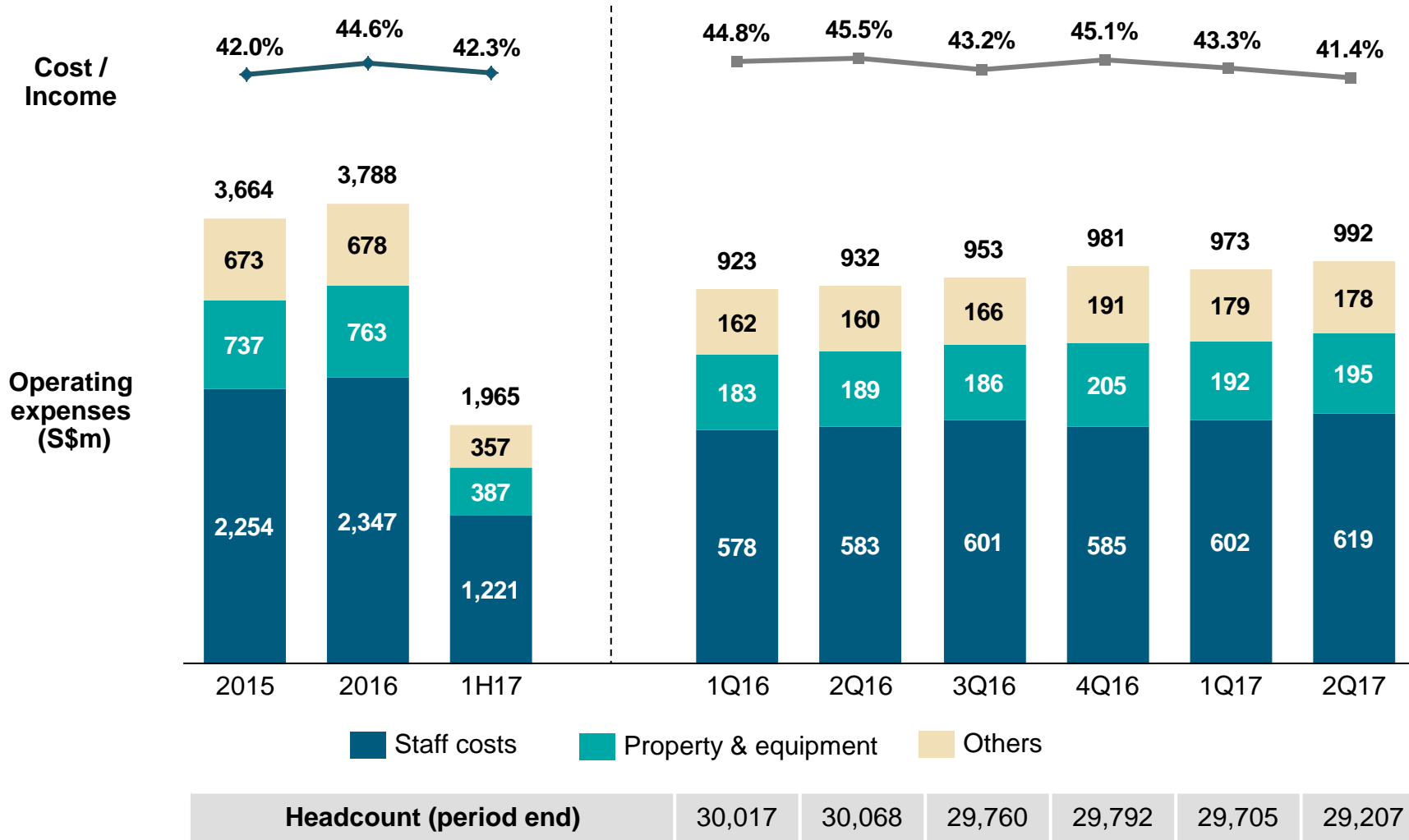
Broad-based growth drove 2Q17 fee income up 18% YoY



1/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.  
 2/ Others includes credit card fees, service charges and other fee and commission income.

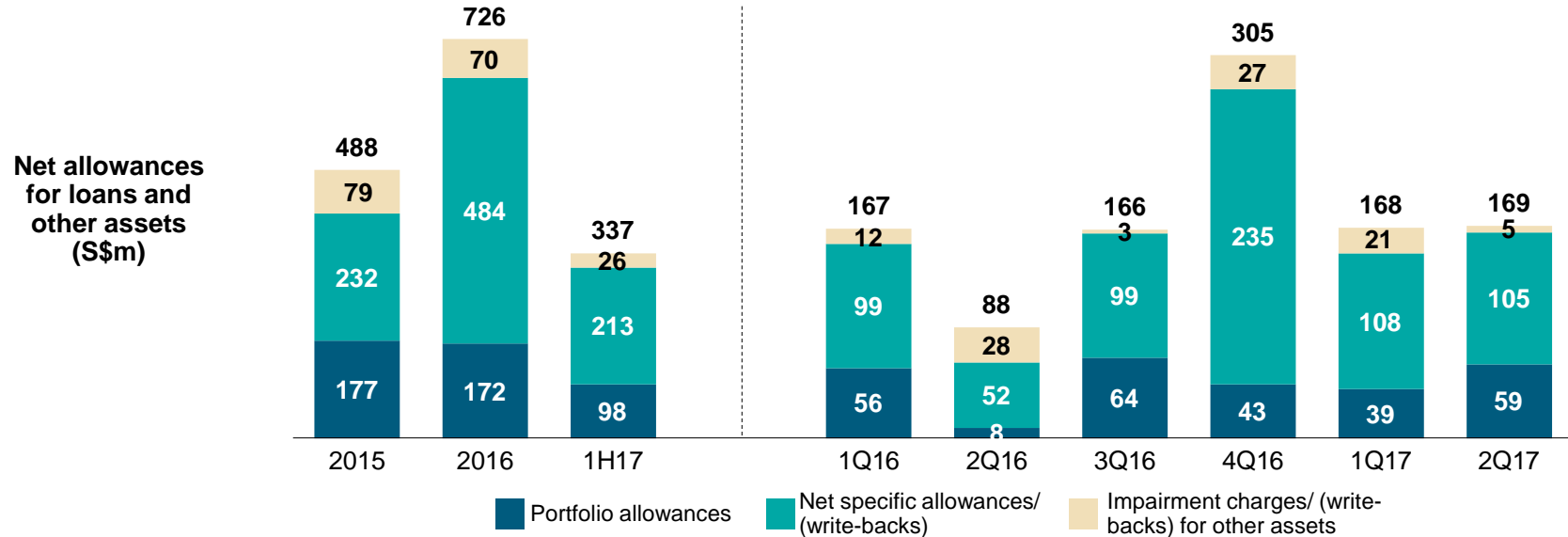
# Operating expenses

2Q17 expense growth well-controlled, up only 2% QoQ; cost-to-income ratio at 41.4%



# Allowances

2Q17 net allowances relatively unchanged QoQ; specific allowances down QoQ, with credit costs lower at 19 bps



## As a % of avg. loans (bps) <sup>1/</sup>

Net specific loan allowances	11	23	19	19	10	19	44	20	19
Total loan allowances <sup>2/</sup>	19	31	28	30	12	31	52	27	29

## Net specific loan allowances (S\$m)

Allowances for new & existing loans	418	666	322	136	90	154	286	149	173
Write-backs <sup>3/</sup>	(133)	(126)	(84)	(26)	(26)	(36)	(38)	(31)	(53)
Recoveries <sup>4/</sup>	(53)	(56)	(25)	(11)	(12)	(19)	(13)	(10)	(15)
<b>Net specific loan allowances</b>	<b>232</b>	<b>484</b>	<b>213</b>	<b>99</b>	<b>52</b>	<b>99</b>	<b>235</b>	<b>108</b>	<b>105</b>



1/ Figures are computed on an annualised basis.

2/ Total loan allowances include net specific allowances and portfolio allowances.

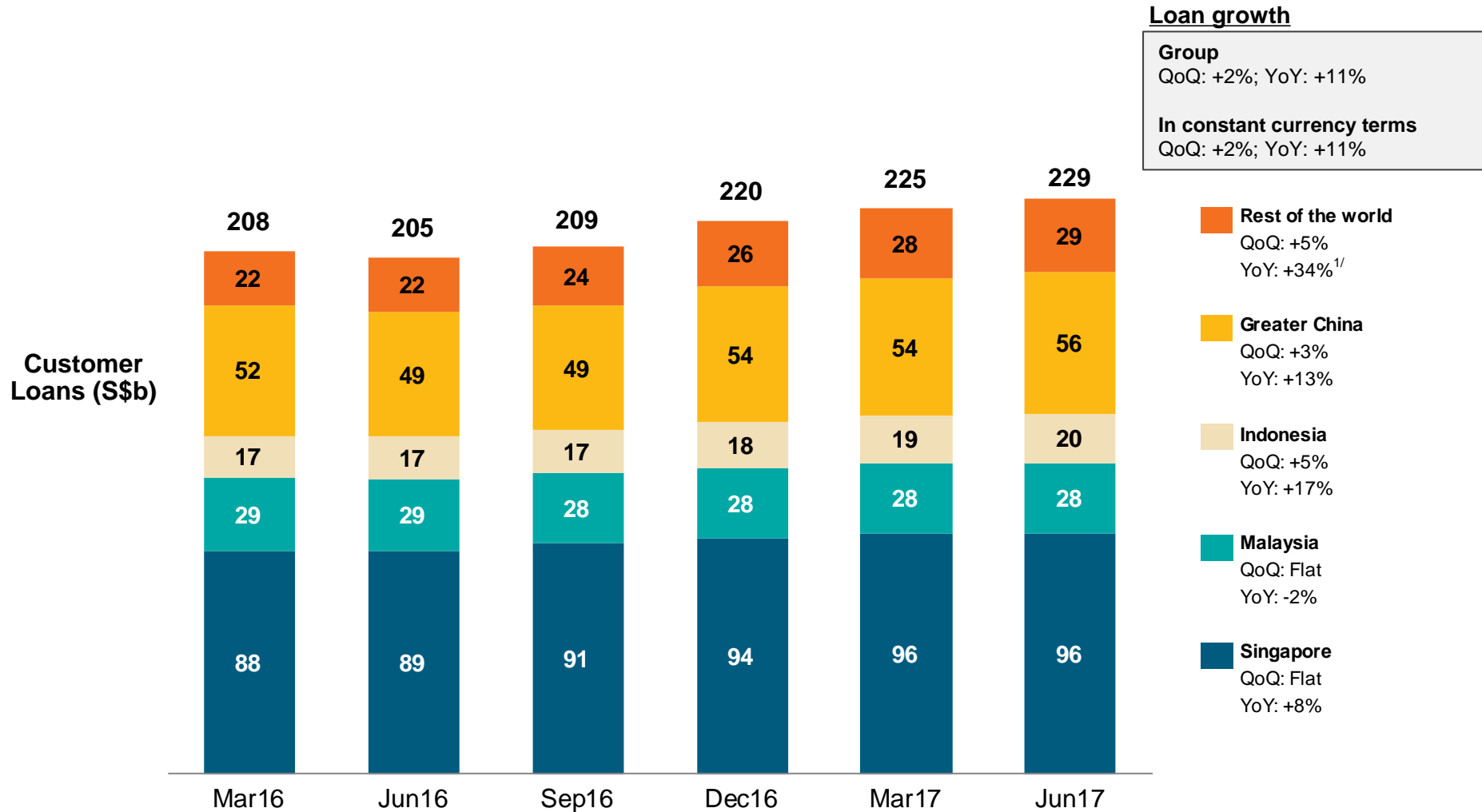
3/ Write-backs of specific allowances for existing NPLs due to settlements and repayments.

4/ Recoveries of loans that had been written off.



# Customer loans

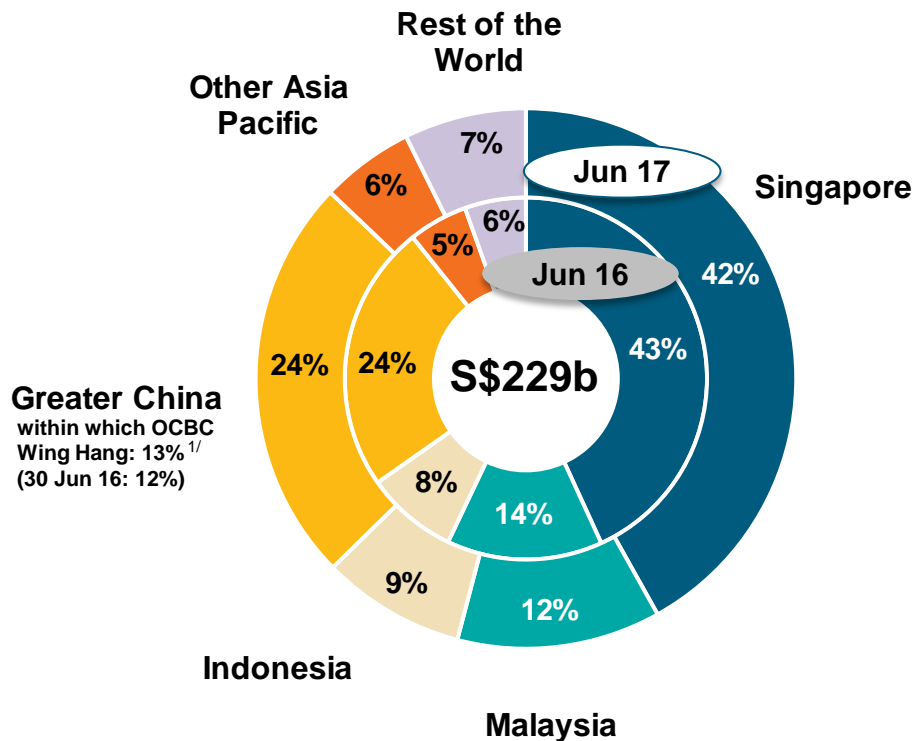
Broad-based YoY growth of 11% across most industry segments and key markets



# Customer loans

Loans portfolio well-diversified across geographies and industries

## Customer Loans by Geography



## Customer Loans by Industry (S\$b)

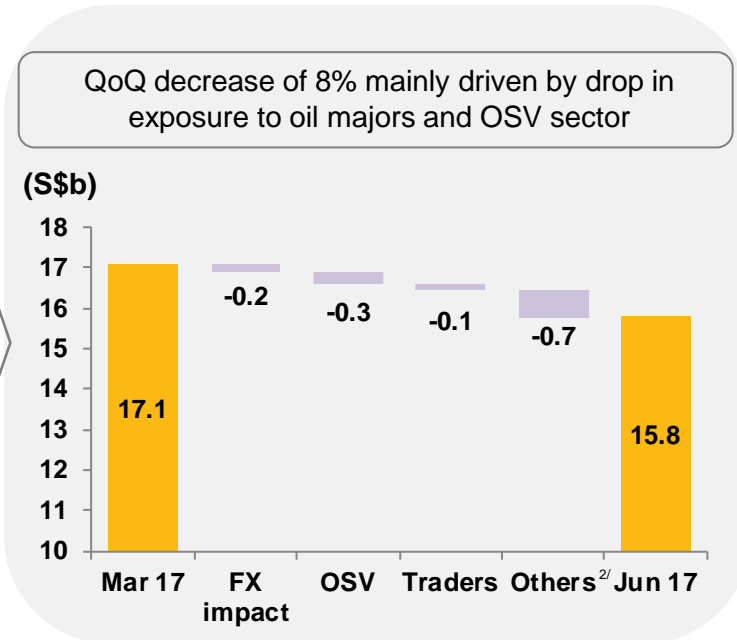
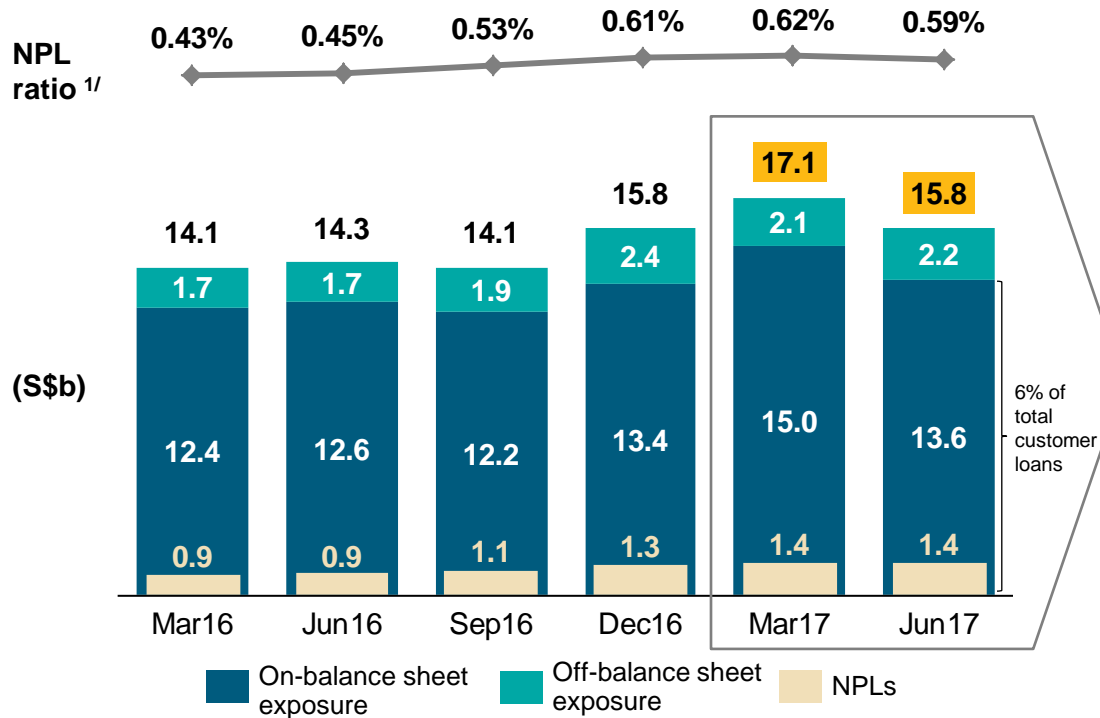
Industry	As of 30 Jun 2017		As of 30 Jun 2016	
	S\$b	%	S\$b	%
Housing loans	61	27	58	28
Professionals & individuals	28	12	24	12
General commerce	27	12	22	11
FIIs, investment & holding cos	33	14	27	13
Building & construction	37	16	34	17
Manufacturing	13	6	11	5
Tpt, storage & comm	12	5	11	5
Agri, mining & quarrying	8	4	8	4
Others	10	4	9	5
<b>Total</b>	<b>229</b>	<b>100</b>	<b>205</b>	<b>100</b>



Note: Customer loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

<sup>1/</sup> This included OCBC Bank (China) from mid July 2016.

# Oil & Gas exposure

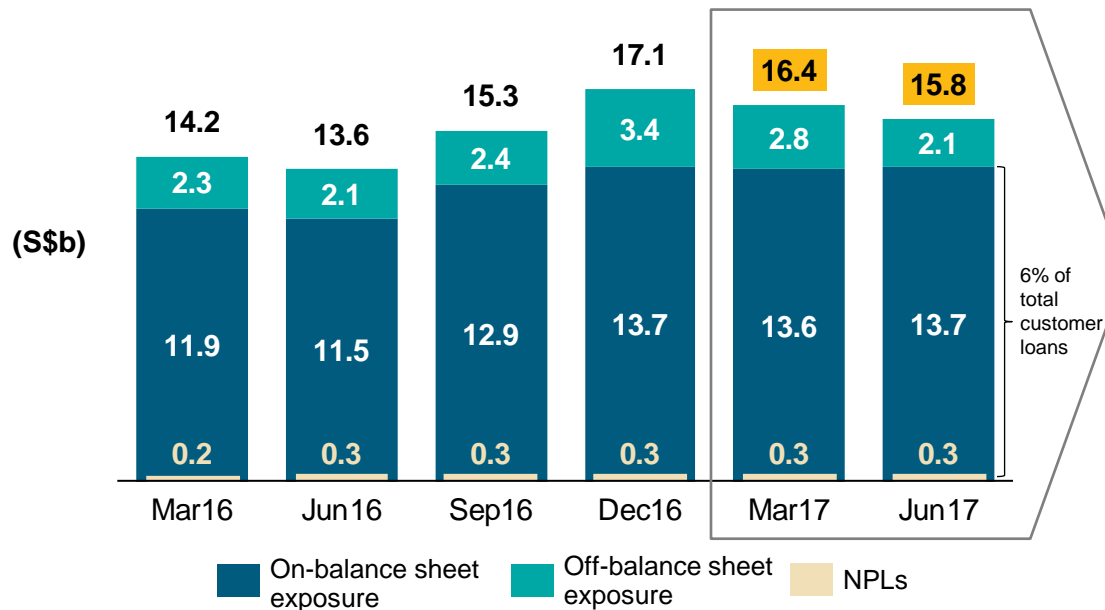


- More than a third (37%) of oil & gas NPLs are being serviced; pro-active steps taken to restructure loans based on stress-test results
- Oil & gas offshore support vessels (“OSV”) sector made up S\$5.6b or 42% of oil & gas on-balance sheet exposure as at 30 Jun 2017, of which 23% are classified as NPLs

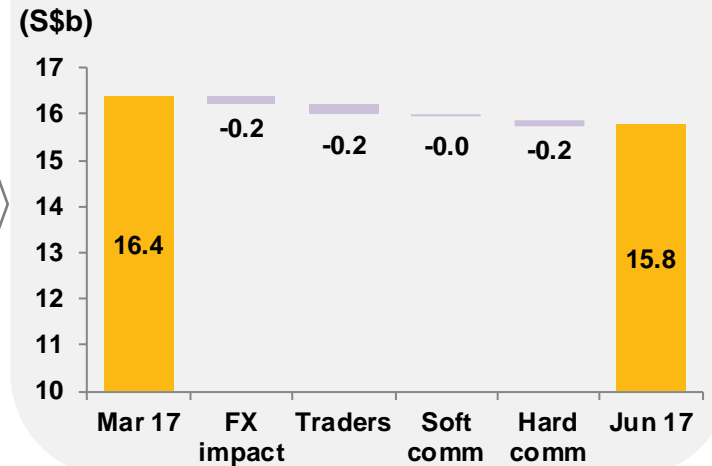
# Commodities exposure

NPL ratio <sup>1/</sup>

0.10%      0.16%      0.13%      0.13%      0.12%      0.11%



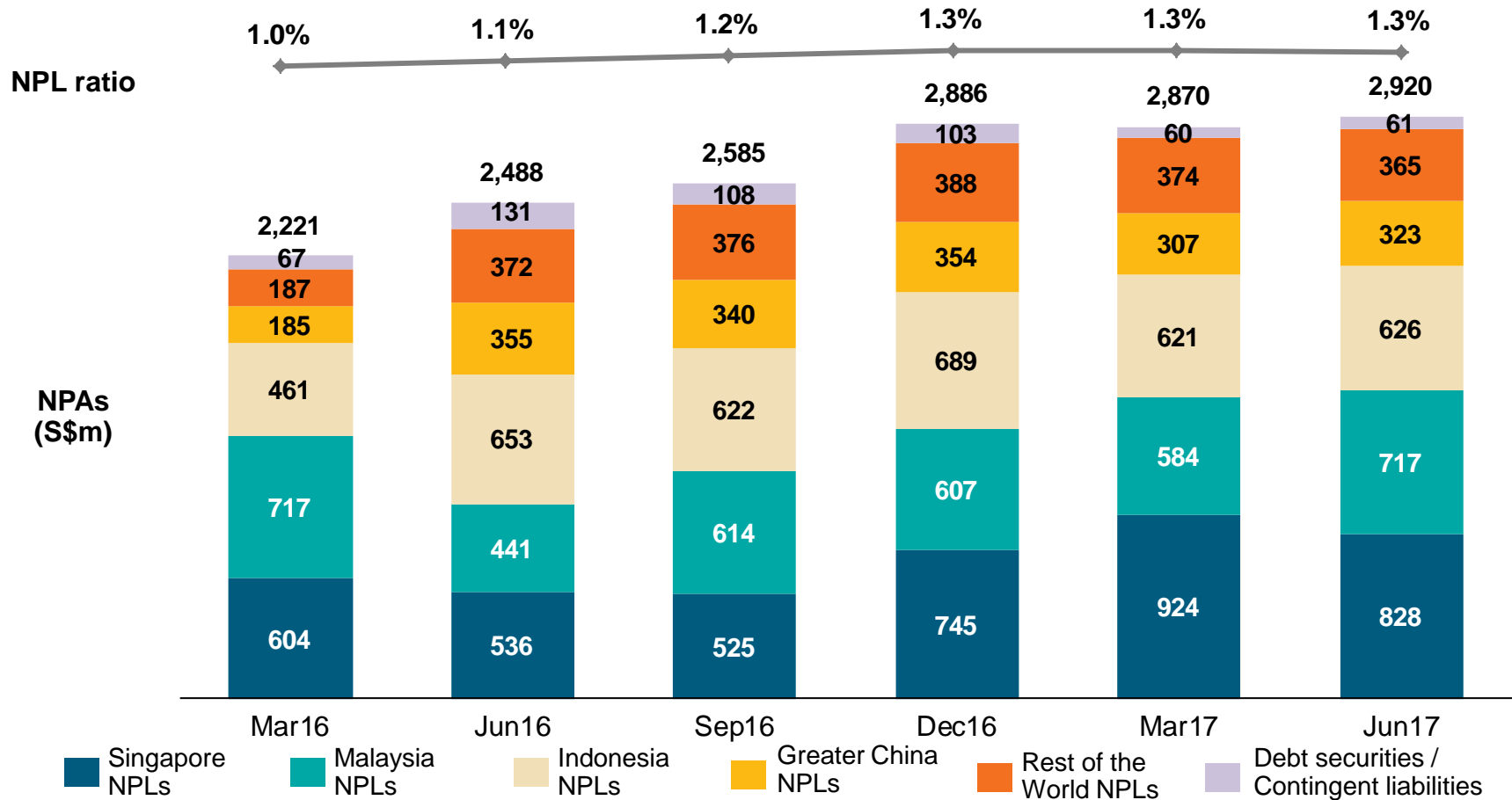
Commodities exposure declined 3% QoQ



- Commodity on-balance sheet exposure comprises soft commodities (e.g. CPO) 46%, trading 24%, and hard commodities (e.g. metals) 30%
- NPL ratio as at 30 Jun 2017 remained low; overall portfolio asset quality resilient

# Asset quality

NPL ratio of 1.3% unchanged QoQ; healthy coverage ratios maintained at above 100% for total NPAs and 300% for unsecured NPAs



## Allowance coverage ratios

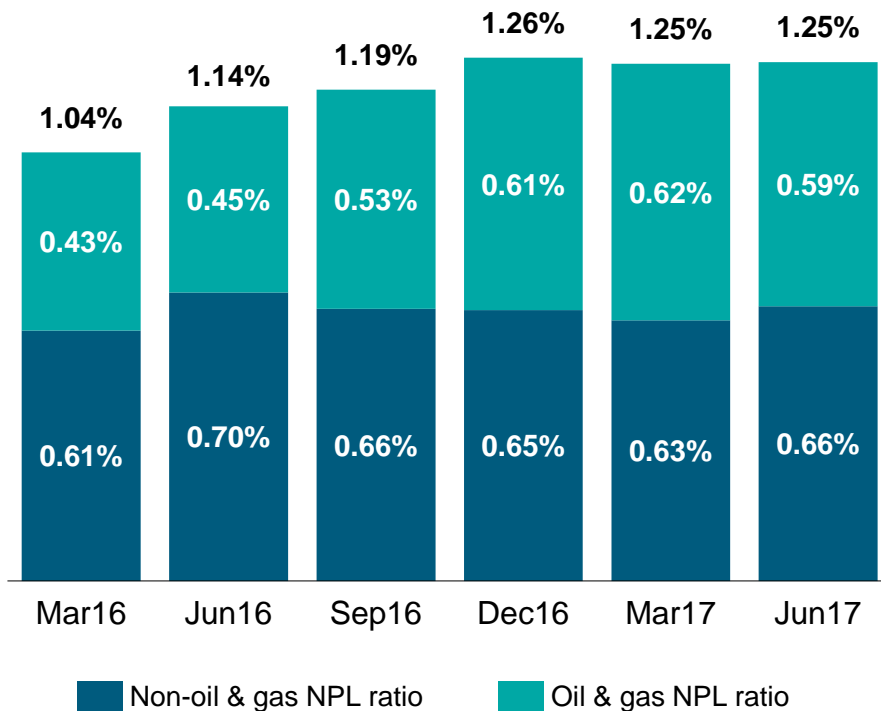
Total allow./ NPAs	113%	100%	101%	100%	101%	101%
Total allow./ unsecured NPAs	384%	271%	308%	303%	297%	304%

Note: NPAs comprise NPLs and classified debt securities/contingent liabilities.

# NPL Ratio & Non-Performing Assets

Excluding oil and gas NPLs, the NPL ratio continued to be stable over the past quarters

## NPL ratio

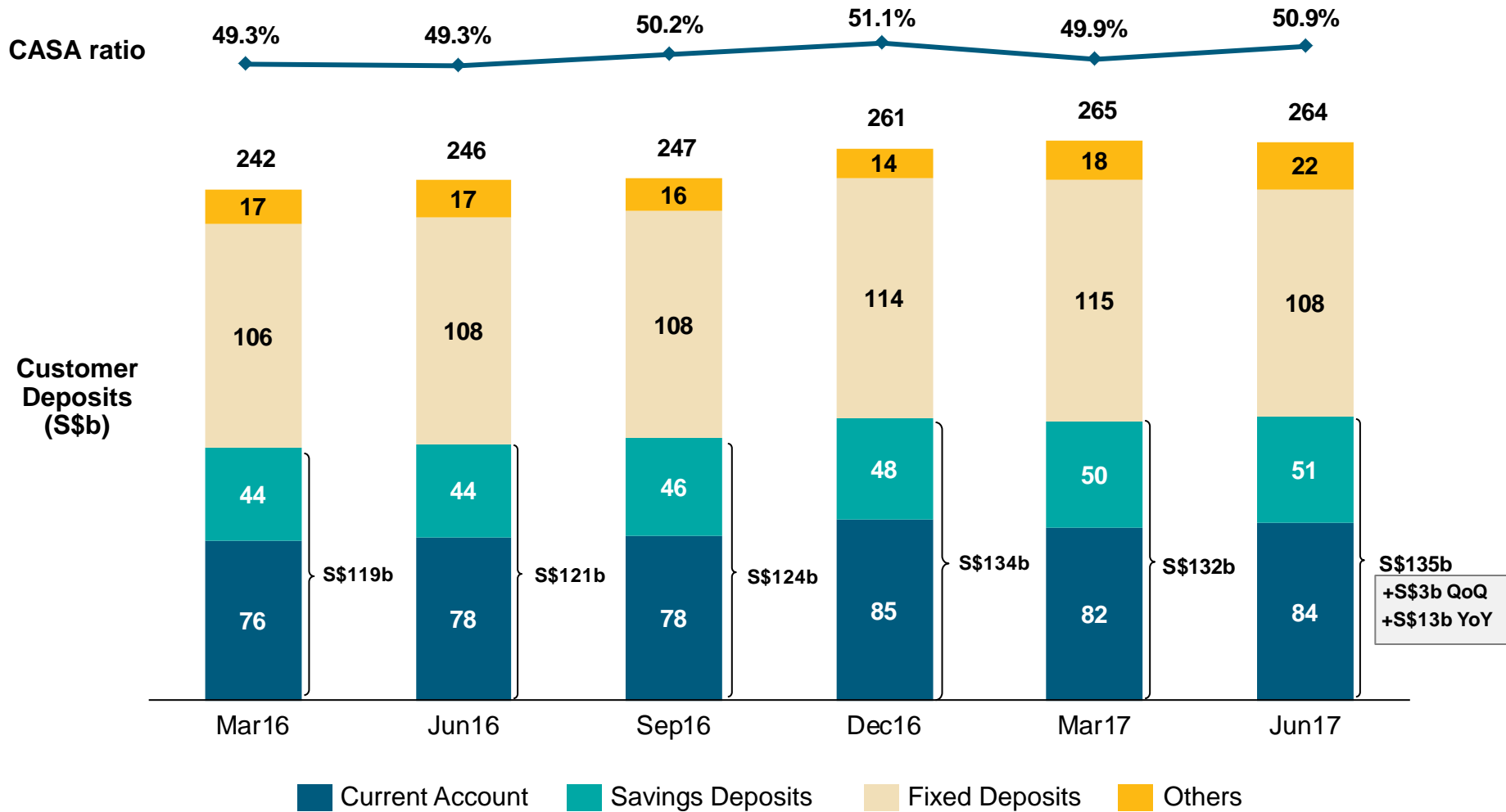


## NPAs

	2Q17 S\$m	1Q17 S\$m	2Q16 S\$m
Opening balance	2,870	2,886	2,221
New NPAs	445	391	924
Net recoveries/ upgrades	(270)	(270)	(567)
Write-offs	(125)	(137)	(90)
<b>Closing balance</b>	<b>2,920</b>	<b>2,870</b>	<b>2,488</b>

# Customer deposits

Customer deposits rose 7% YoY driven by 11% increase in CASA balances; CASA ratio at 51% of total deposits

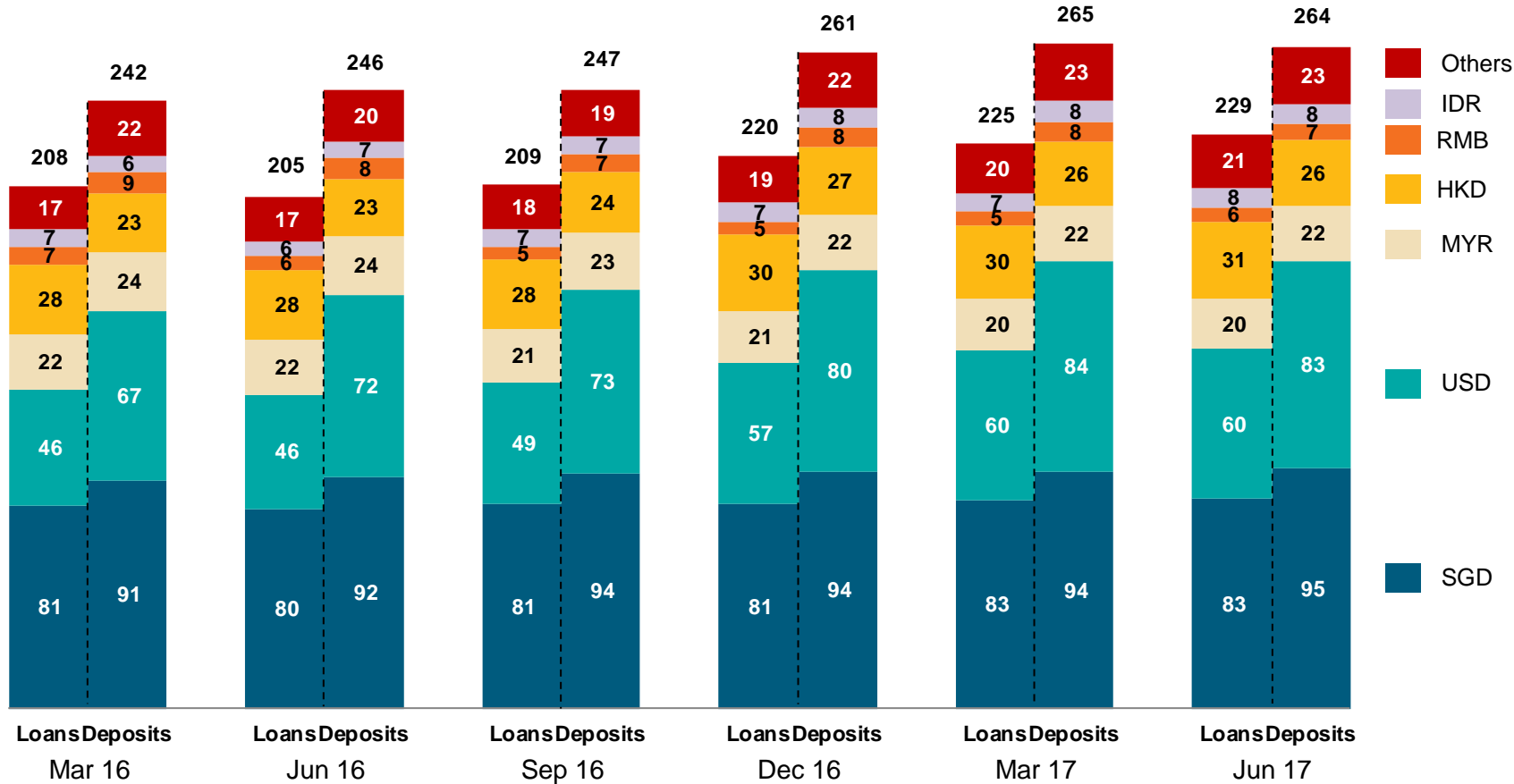


Note: CASA ratio refers to the ratio of current account and savings deposits to total customer deposits.

# Loans-to-Deposits Ratio

Group LDR at 85.2%, as compared to 82.2% in the prior year

Customer Loans and Customer Deposits (S\$b)



## Group LDRs<sup>1/</sup>

Group	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17
Group	84.7%	82.2%	83.1%	82.9%	83.6%	85.2%
SGD	89.5%	87.3%	86.8%	86.1%	88.2%	87.4%
USD	67.7%	63.1%	66.7%	70.4%	71.0%	72.0%
RMB	83.1%	71.3%	75.8%	64.7%	65.8%	73.2%

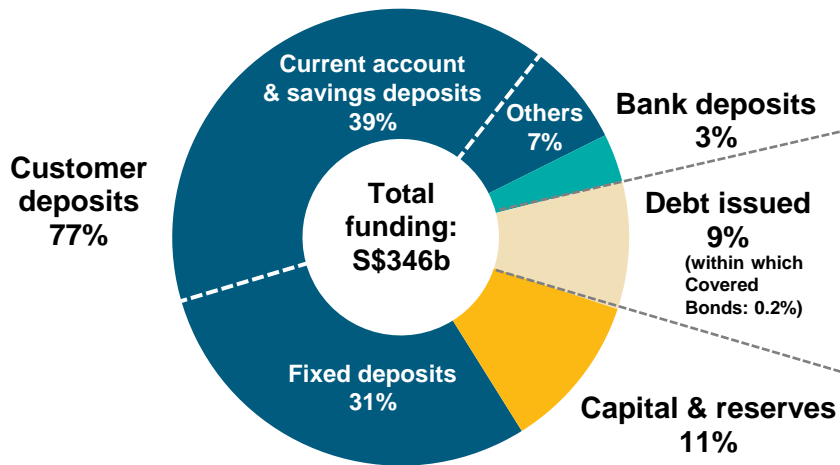
<sup>1/</sup> Group LDRs based on net customer loans / customer deposits; LDRs by currency based on gross customer loans / customer deposits.



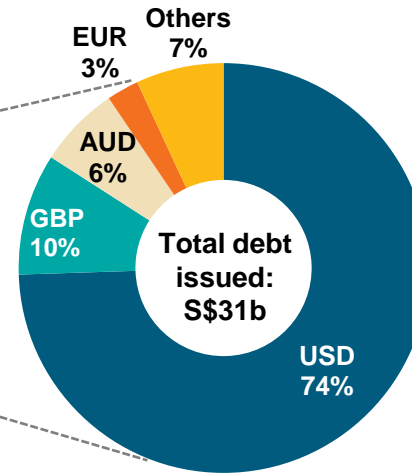
# Funding sources

Well-diversified funding mix; customer deposits formed majority of the funding base

## Funding Composition as of 30 Jun 2017



## Wholesale Funding by Currency as of 30 Jun 2017



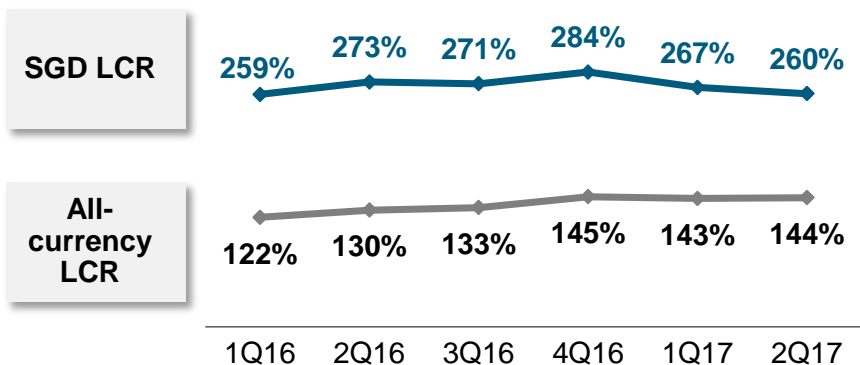
**By Maturity:**

≤ 1 year	79%
> 1 year	21%

## CASA by Currency

S\$b	Jun 16	Mar 17	Jun 17
<b>Group</b>	121	132	135
<b>SGD</b>	60	66	68
<b>USD</b>	34	37	36
<b>MYR</b>	6	6	6
<b>HKD</b>	9	10	11
<b>IDR</b>	2	3	3

## Average Liquidity Coverage Ratio

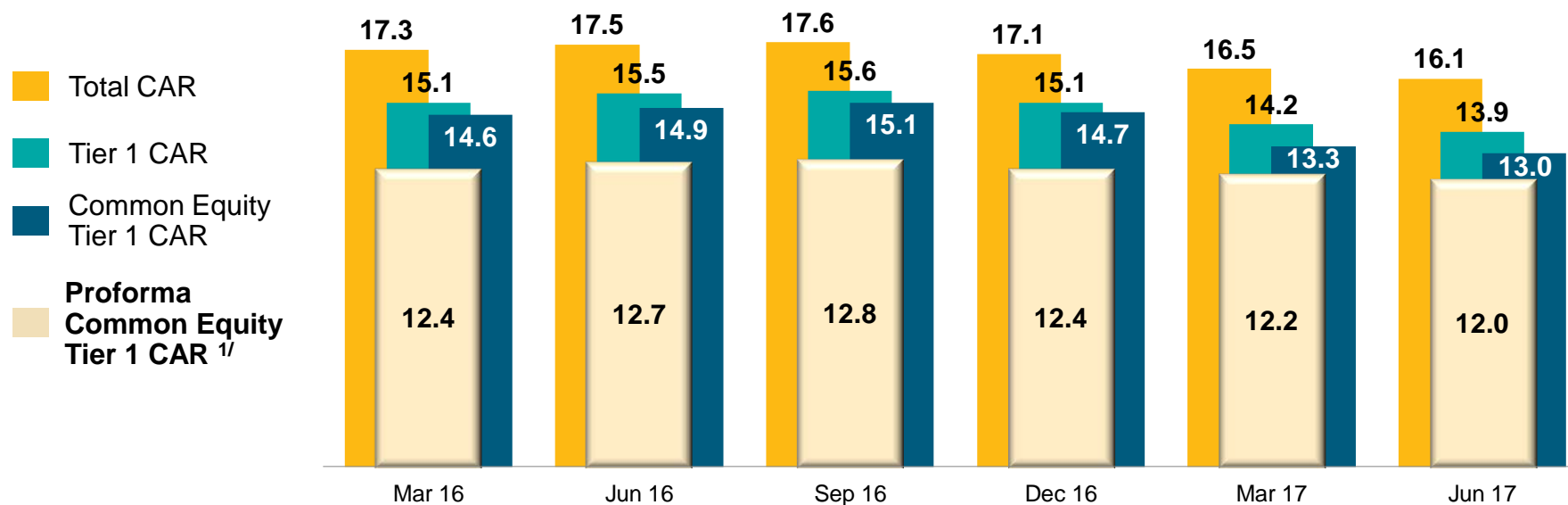


Note: Both Singapore dollar and all-currency LCRs were higher as compared to the regulatory requirements effective at each reporting date.

# Capital

Capital position remained robust and well above regulatory requirements

## Capital Adequacy Ratios (%)



CET1 capital (S\$m)	27,846	28,417	28,728	29,143	27,688	27,800
Tier 1 capital (S\$m)	28,856	29,434	29,736	29,968	29,558	29,684
RWA (S\$m)	189,940	189,862	189,775	197,763	207,224	212,527

Leverage ratio <sup>2/</sup> (%)	8.2	8.2	8.4	8.2	7.7	7.8
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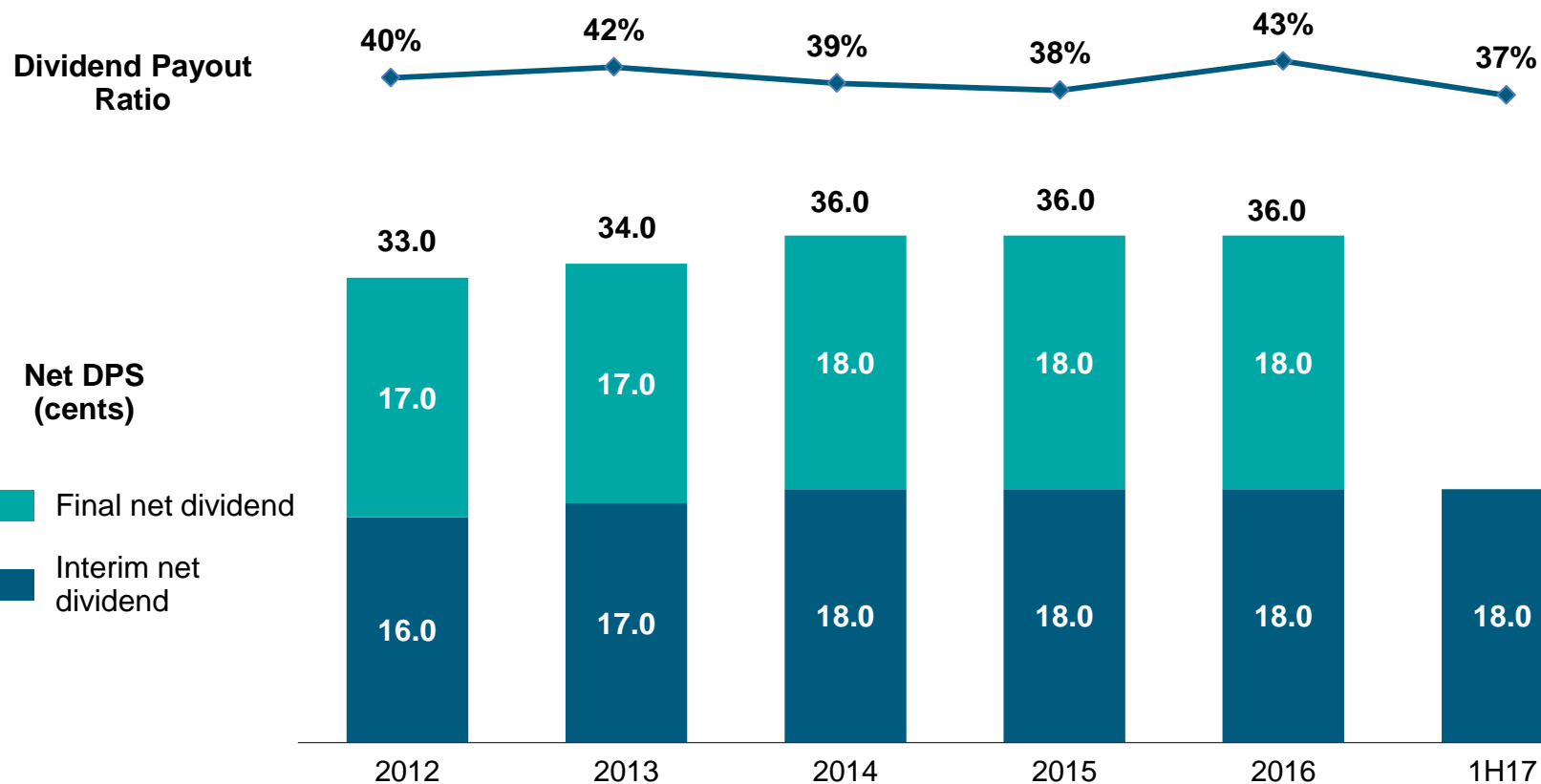
Note: Capital ratios are computed based on Basel III transitional arrangements.

1/ Based on Basel III rules which will be effective from 1 January 2018.

2/ Leverage ratio of 7.8% as at 30 June 2017 was well above the 3% minimum requirement as guided by the Basel Committee.

# Dividends

Interim dividend of 18 cents per share



**Net Dividends (S\$m)**

1,133

1,168

1,347

1,470

1,506

753

**Core Net Profit (S\$m)**

2,825

2,768

3,451

3,903

3,473

2,056

# Agenda

Results Overview

2Q17 & 1H17 Group Performance Trends

## **Appendix: Performance of Major Subsidiaries**

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- OCBC NISP

# 2Q17 Great Eastern Holdings' performance

Net profit contribution to the Group up QoQ and YoY at S\$233m

GEH	2Q17 S\$m	1Q17 S\$m	QoQ +/(-)%	2Q16 S\$m	YoY +/(-)%
Profit from insurance business	<b>245</b>	184	33	118	107
- Operating profit <sup>1/</sup>	<b>157</b>	122	30	132	20
- Non-operating profit / (loss) <sup>2/</sup>	<b>73</b>	44	66	(33)	322
- Others	<b>14</b>	18	(23)	20	(30)
Profit from Shareholders' Fund	<b>68</b>	68	(1)	17	302
<b>Profit from operations</b>	<b>312</b>	<b>252</b>	<b>24</b>	<b>135</b>	<b>131</b>
Allowances	<b>(4)</b>	(3)	29	(3)	22
Associates	<b>(0)</b>	-	-	-	-
Tax & NCI	<b>(29)</b>	(31)	(6)	(29)	(3)
<b>Net profit</b>	<b>279</b>	<b>218</b>	<b>28</b>	<b>102</b>	<b>173</b>
<b>Group adjustments</b> <sup>3/</sup>	<b>(46)</b>	(38)	20	(24)	89
<b>Net profit contribution to Group</b>	<b>233</b>	<b>180</b>	<b>30</b>	<b>78</b>	<b>200</b>

Note: For comparative reasons, Operating and Non-Operating Profit figures for periods prior to 2Q17 have been restated using exchange rates as at 30 June 2017. The differences between the restated and previously reported Operating Profit figures were included in the Non-Operating Profit.



- 1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).  
 2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.  
 3/ Primarily from adjustments made to amortisation for intangibles and non-controlling interest.

# 1H17 Great Eastern Holdings' performance

Half year earnings contribution rose to S\$413m

GEH	1H17 S\$m	1H16 S\$m	YoY +/(-)%
Profit from insurance business	428	209	105
- Operating profit <sup>1/</sup>	279	249	12
- Non-operating profit / (loss) <sup>2/</sup>	118	(73)	262
- Others	32	33	(4)
Profit from Shareholders' Fund	136	48	183
<b>Profit from operations</b>	<b>564</b>	<b>257</b>	<b>119</b>
Allowances	(7)	(8)	(2)
Associates	(0)	-	-
Tax & NCI	(59)	(51)	17
<b>Net profit</b>	<b>497</b>	<b>199</b>	<b>150</b>
<b>Group adjustments <sup>3/</sup></b>	<b>(84)</b>	<b>(48)</b>	<b>75</b>
<b>Net profit contribution to Group</b>	<b>413</b>	<b>151</b>	<b>173</b>

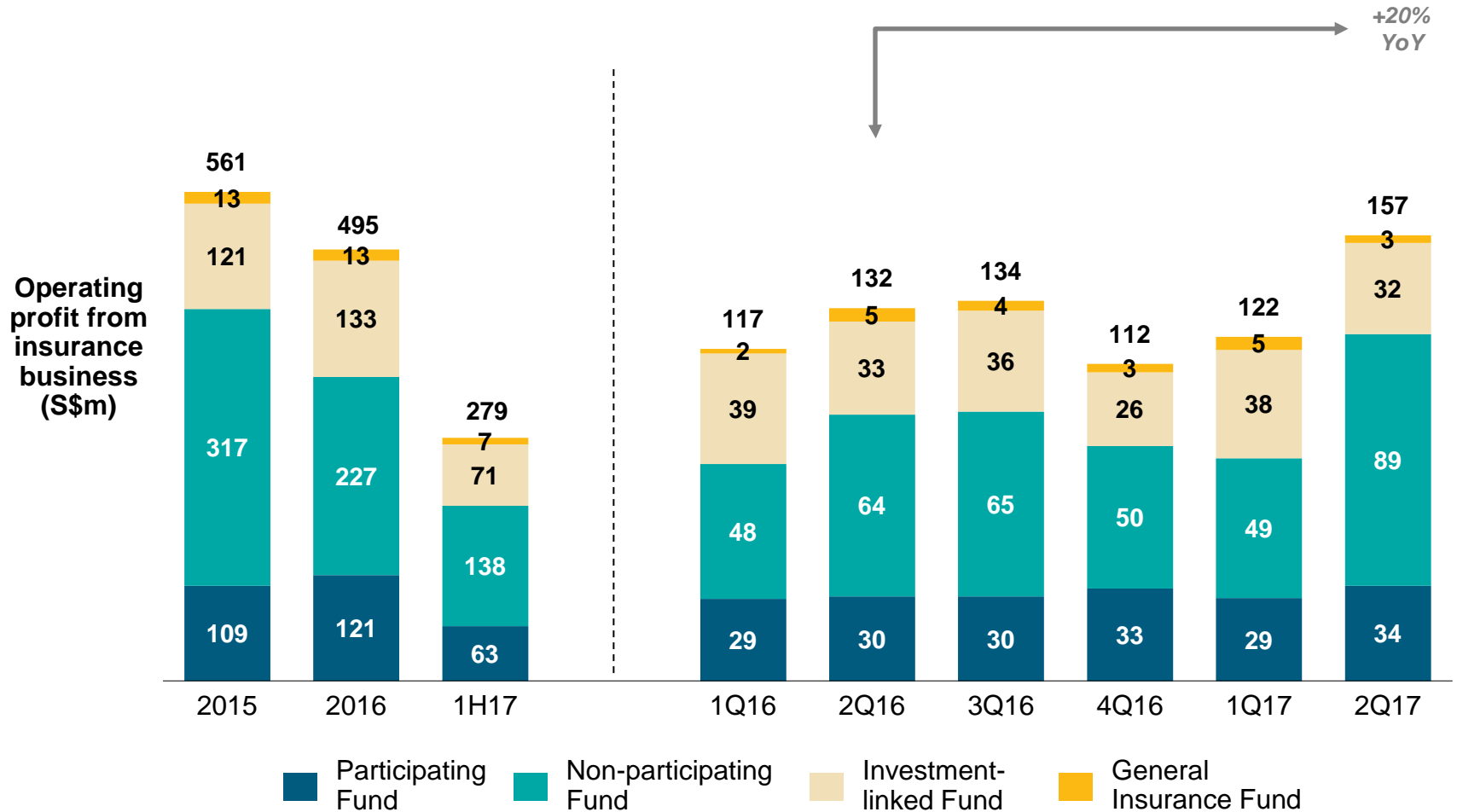
Note: For comparative reasons, Operating and Non-Operating Profit figures for periods prior to 2Q17 have been restated using exchange rates as at 30 June 2017. The differences between the restated and previously reported Operating Profit figures were included in the Non-Operating Profit.



- 1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).  
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 3/ Primarily from adjustments made to amortisation for intangibles and non-controlling interest.

# GEH: Operating Profit

2Q17 operating profit at S\$157m

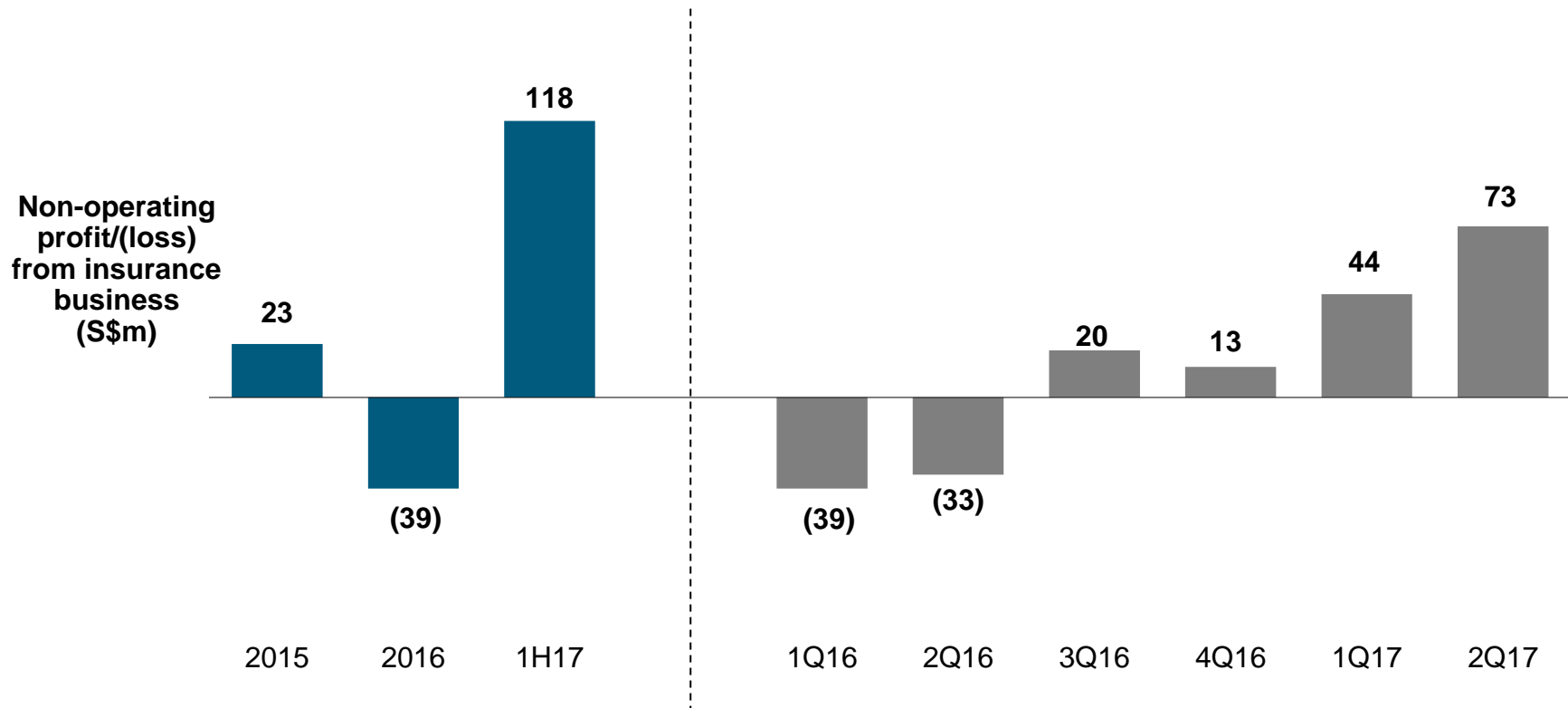


Note:

- Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).
- For comparative reasons, Operating and Non-Operating Profit figures for periods prior to 2Q17 have been restated using exchange rates as at 30 June 2017. The differences between the restated and previously reported Operating Profit figures were included in the Non-Operating Profit.

# GEH: Non-operating profit

Higher non-operating profit largely contributed by narrowing of credit spreads and gains from favourable interest rate movements



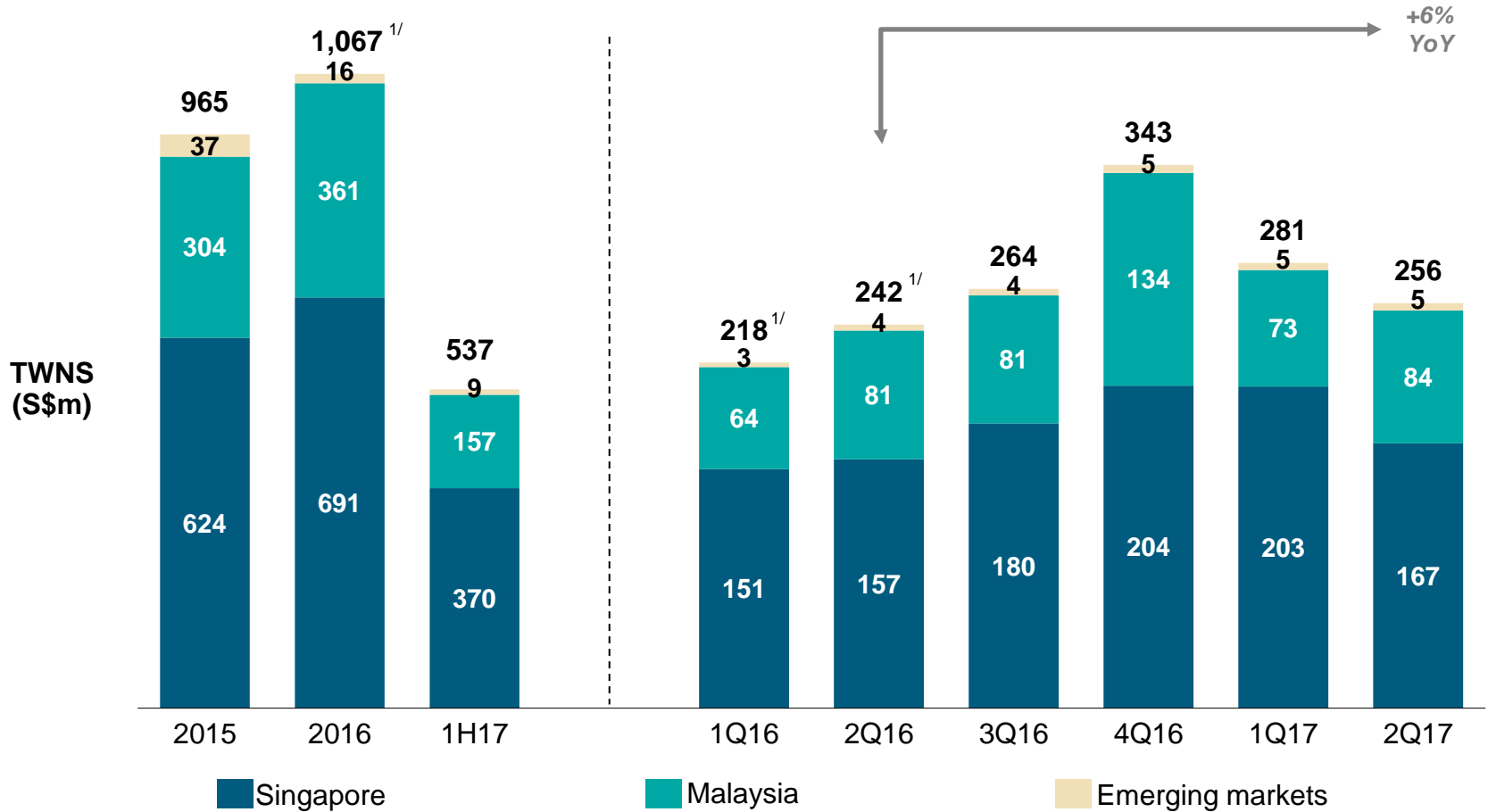
Note:

- Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.
- For comparative reasons, Operating and Non-Operating Profit figures for periods prior to 2Q17 have been restated using exchange rates as at 30 June 2017. The differences between the restated and previously reported Operating Profit figures were included in the Non-Operating Profit.



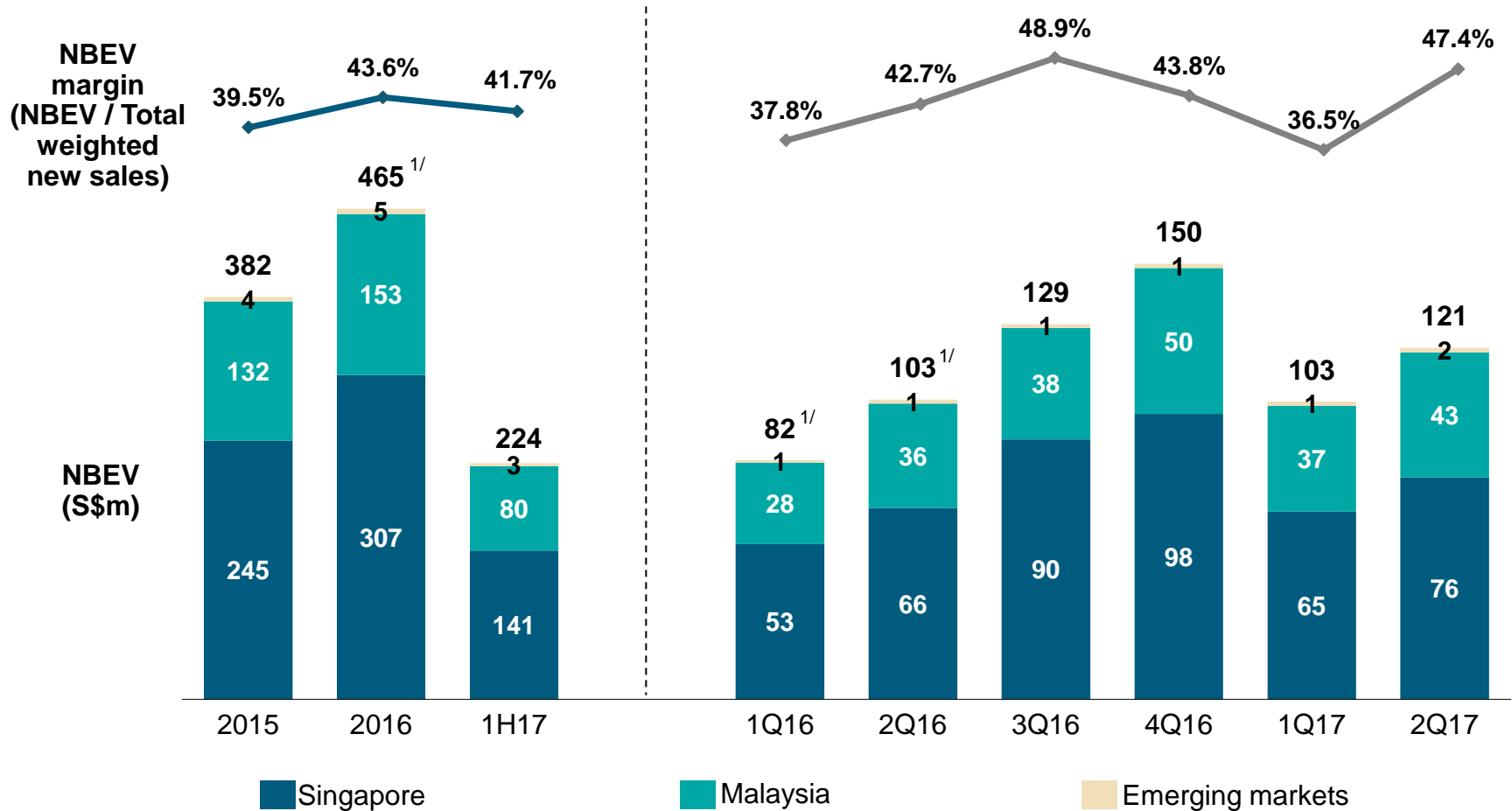
# GEH: Total weighted new sales

TWNS grew 6% YoY, underpinned by growth from both agency and bancassurance channels



# GEH: New business embedded value

Robust 17% YoY growth in NBEV for 2Q17; NBEV margin improved to 47.4%



# 2Q17 OCBC Wing Hang's performance

Net profit up 2% QoQ in local currency terms, driven by strong earnings growth

OCBC Wing Hang	2Q17 HKD m	1Q17 HKD m	QoQ +/(-)%	2Q16 HKD m	YoY +/(-)%
Net interest income	1,023	972	5	885	16
Non-interest income	321	312	3	307	4
<b>Total income</b>	<b>1,343</b>	<b>1,284</b>	<b>5</b>	<b>1,192</b>	<b>13</b>
Operating expenses	(715)	(710)	1	(591)	21
<b>Operating profit</b>	<b>628</b>	<b>574</b>	<b>9</b>	<b>601</b>	<b>4</b>
Allowances	(37)	(22)	70	(20)	86
Associates	18	13	38	13	41
<b>Profit before tax</b>	<b>609</b>	<b>565</b>	<b>8</b>	<b>594</b>	<b>3</b>
Tax	(115)	(82)	41	(69)	68 <sup>1/</sup>
<b>Net profit (HKD m)</b>	<b>494</b>	<b>484</b>	<b>2</b>	<b>525</b>	<b>(6)</b>
<b>Net profit contribution to Group (S\$m)</b> <sup>2/</sup>	<b>74</b>	<b>73</b>	<b>2</b>	<b>85</b>	<b>(13)</b>
<b>Key ratios (%)</b>					
<b>Cost / Income</b>	<b>53.3</b>	<b>55.3</b>		<b>49.6</b>	

Note: Results of OCBC Bank (China) were included from mid July 2016.

1/ The YoY increase in tax was partly attributable to a write-back of prior year tax in 2Q16.

2/ Net profit contribution to Group after group adjustments, which are primarily amortisation for intangibles, allowances and depreciation of property and equipment; and fair value adjustments for its subordinated debt securities to conform with OCBC Group's policies.

# 1H17 OCBC Wing Hang's performance

Profit before tax up YoY but net profit lower as the prior period included a tax write-back

OCBC Wing Hang	1H17 HKD m	1H16 HKD m	YoY +/-%
Net interest income	1,995	1,828	9
Non-interest income	632	543	16
Total income	2,628	2,371	11
Operating expenses	(1,426)	(1,187)	20
<b>Operating profit</b>	<b>1,202</b>	<b>1,184</b>	<b>1</b>
Allowances	(58)	(67)	(13)
Associates	32	41	(22)
<b>Profit before tax</b>	<b>1,176</b>	<b>1,158</b>	<b>2</b>
Tax	(197)	(154)	28
<b>Net profit (HKD m)</b>	<b>978</b>	<b>1,004</b>	<b>(3)</b>
<b>Net profit contribution to Group (S\$m) <sup>1/</sup></b>	<b>147</b>	<b>151</b>	<b>(3)</b>
<b>Key ratios (%)</b>			
<b>Cost / Income</b>	<b>54.3</b>	<b>50.1</b>	

Note: Results of OCBC Bank (China) were included from mid July 2016.

<sup>1/</sup> Net profit contribution to Group after group adjustments, which are primarily amortisation for intangibles, allowances and depreciation on property and equipment; and fair value adjustments for its subordinated debt securities to conform with OCBC Group's policies.

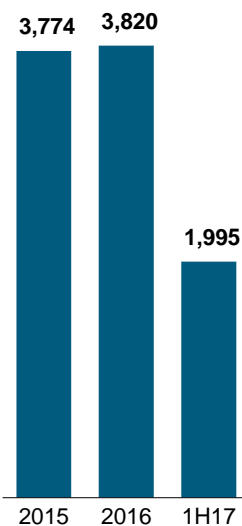
# OCBC Wing Hang: Revenue

Net interest income up 5% QoQ while non-interest income rose 3%

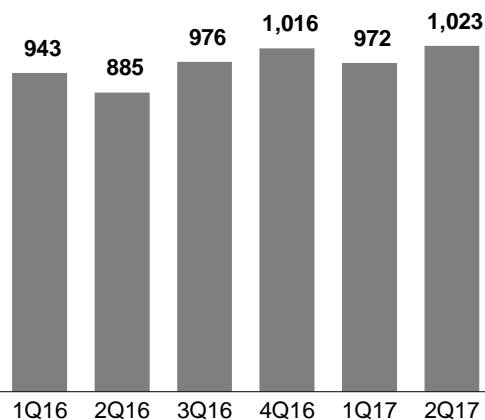
## Net interest income (HKD m)

### Net interest margin

1.76% 1.75% 1.60%



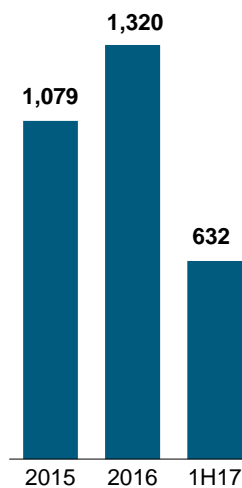
1.83% 1.73% 1.73% 1.73% 1.60%<sup>1/</sup> 1.60%



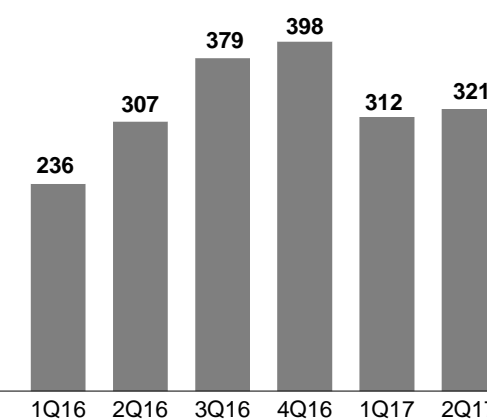
## Non-interest income (HKD m)

### Non-int. income/ Total income

22.2% 25.7% 24.1%



20.0% 25.8% 28.0% 28.1% 24.3% 23.9%

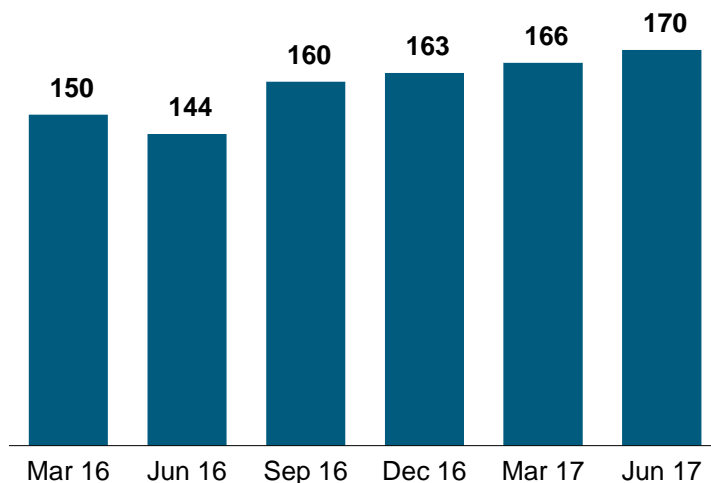
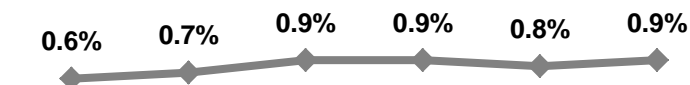


# OCBC Wing Hang: Loans & Deposits

Loans and deposits both increased QoQ; NPL ratio at 0.9%

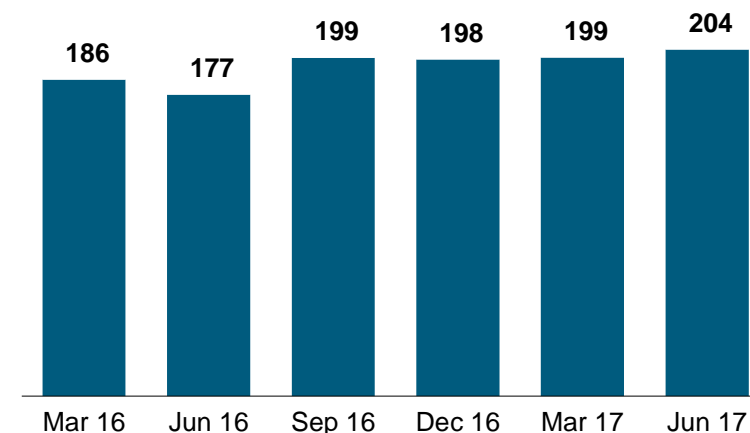
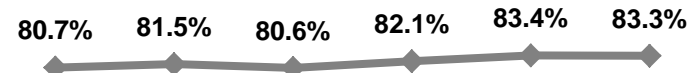
## Gross Loans (HKD b)

NPL ratio



## Deposits (HKD b)

Loans /  
Deposits <sup>1/</sup>

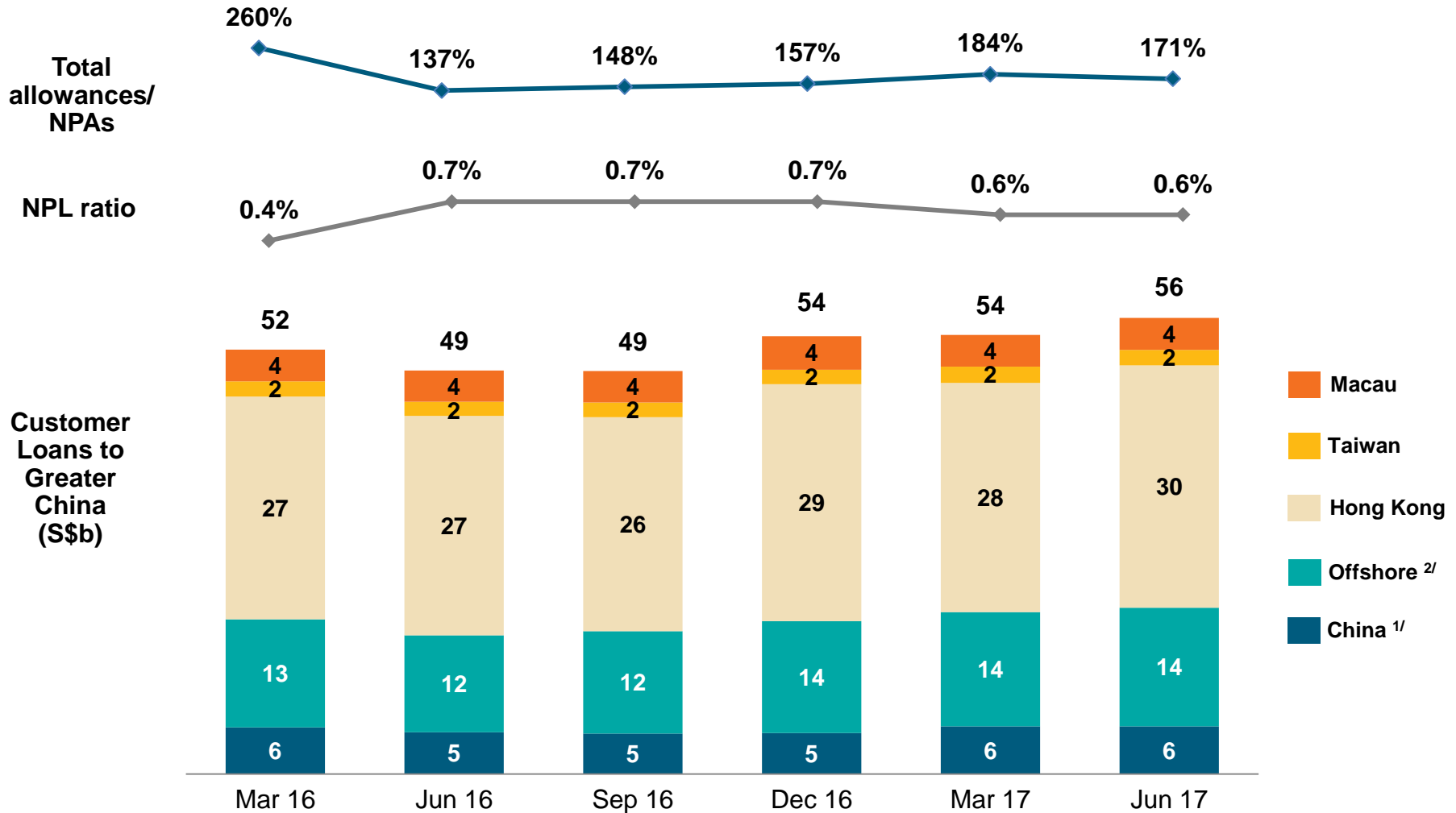


CASA  
Ratio



# Greater China Customer Loans

Loans up QoQ and YoY; sound asset quality and coverage ratios maintained



Note: Customer loans to Greater China is based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Relates to loans that are booked in China, where credit risks reside.

2/ Relates to loans that are booked outside of China, but with credit risks traced to China.

# 2Q17 OCBC Malaysia's Performance

Net profit 3% above previous quarter and increased 6% YoY

OCBC Malaysia	2Q17 RM m	1Q17 RM m	QoQ +/(-)%	2Q16 RM m	YoY +/(-)%
Net interest income	345	346	-	335	3
Islamic banking income <sup>1/</sup>	115	111	4	119	(4)
Non-interest / finance income	164	128	29	144	14
<b>Total income</b>	<b>624</b>	<b>585</b>	<b>7</b>	<b>598</b>	<b>4</b>
Operating expenses	(284)	(256)	11	(275)	3
<b>Operating profit</b>	<b>340</b>	<b>329</b>	<b>3</b>	<b>323</b>	<b>5</b>
Allowances	(29)	(28)	2	(30)	(2)
<b>Profit before tax</b>	<b>311</b>	<b>301</b>	<b>3</b>	<b>293</b>	<b>6</b>
Tax	(76)	(74)	4	(71)	8
<b>Net profit (RM m)</b>	<b>234</b>	<b>227</b>	<b>3</b>	<b>222</b>	<b>6</b>
<b>Net profit contribution to Group (S\$m) <sup>2/</sup></b>	<b>73</b>	<b>73</b>	<b>-</b>	<b>74</b>	<b>(1)</b>
<b>Key ratios (%)</b>					
<b>Cost / Income</b>	<b>45.5</b>	<b>43.8</b>		<b>45.9</b>	
<b>CAR <sup>3/</sup></b>					
- CET 1	12.5	11.5		12.3	
- Tier 1	14.4	13.3		14.1	
- Total CAR	17.4	16.3		17.3	



<sup>1/</sup> Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin.

<sup>2/</sup> Net profit contribution to Group after adjustments to align to OCBC Group's policies.

<sup>3/</sup> Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia.



# 1H17 OCBC Malaysia's Performance

Half year net profit rose 3%

OCBC Malaysia	1H17 RM m	1H16 RM m	YoY +/(-)%
Net interest income	691	666	4
Islamic banking income <sup>1/</sup>	226	245	(8)
Non-interest / finance income	292	282	3
<b>Total income</b>	<b>1,209</b>	<b>1,193</b>	<b>1</b>
Operating expenses	(540)	(537)	1
<b>Operating profit</b>	<b>669</b>	<b>656</b>	<b>2</b>
Allowances	(56)	(67)	(15)
<b>Profit before tax</b>	<b>612</b>	<b>589</b>	<b>4</b>
Tax	(150)	(143)	5
<b>Net profit (RM m)</b>	<b>461</b>	<b>446</b>	<b>3</b>
<b>Net profit contribution to Group (S\$m) <sup>2/</sup></b>	<b>146</b>	<b>150</b>	<b>(2)</b>
<b>Key ratios (%)</b>			
<b>Cost / Income</b>	<b>44.7</b>	<b>45.0</b>	
<b>CAR <sup>3/</sup></b>			
- Common Equity Tier 1	12.5	12.3	
- Tier 1	14.4	14.1	
- Total CAR	17.4	17.3	



<sup>1/</sup> Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin.

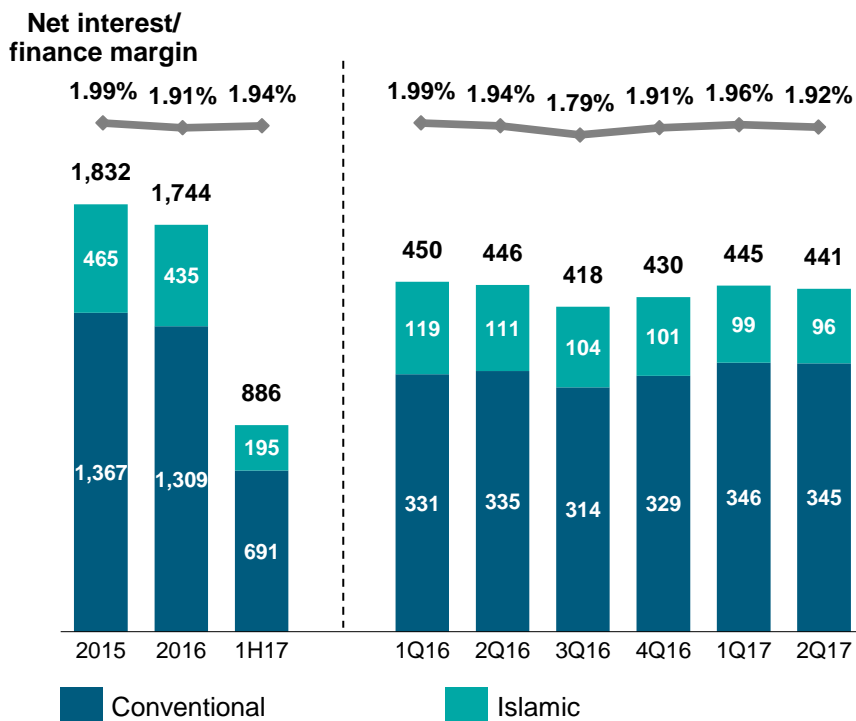
<sup>2/</sup> Net profit contribution to Group after adjustments to align to OCBC Group's policies.

<sup>3/</sup> Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia.

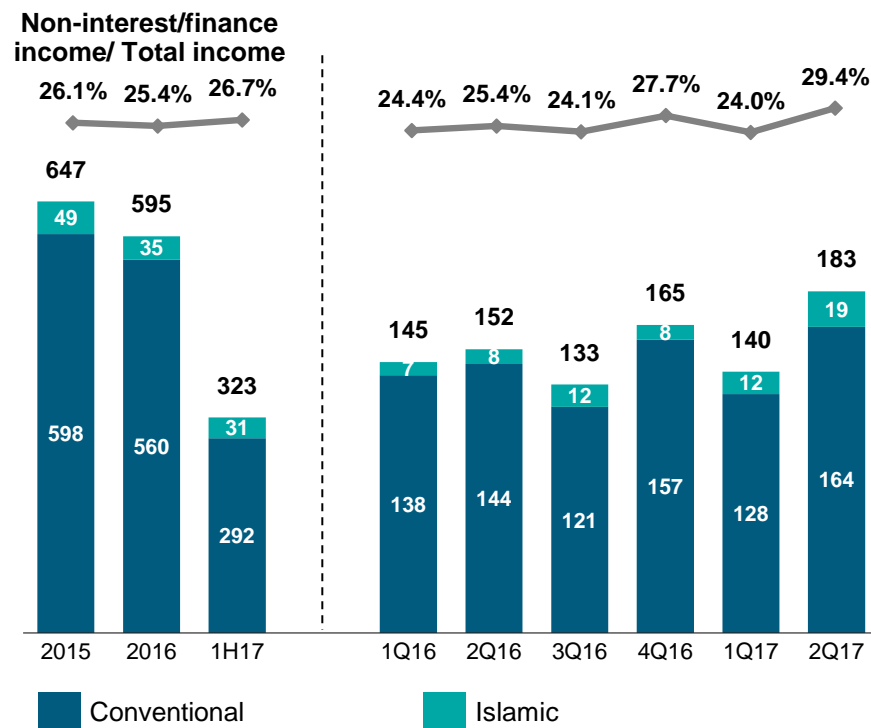
# OCBC Malaysia: Revenue

Net interest/finance income at RM441m; Non-interest/finance income grew 31% QoQ and 20% YoY

## Net interest/finance income (RM m)



## Non-interest/finance income<sup>1/</sup> (RM m)



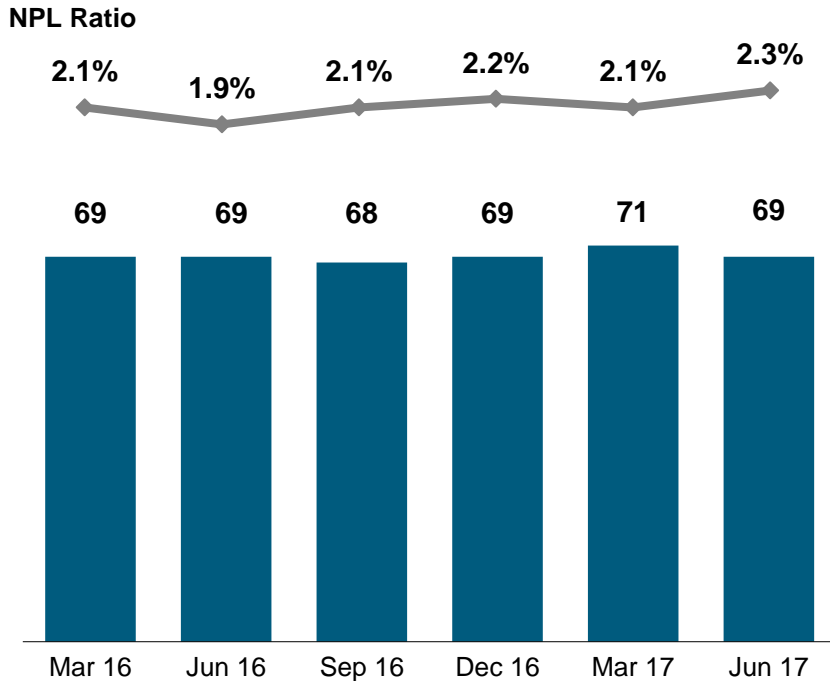
<sup>1/</sup> Non-interest/finance income comprises net fee and commission income, net trading income and other operating income.

Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

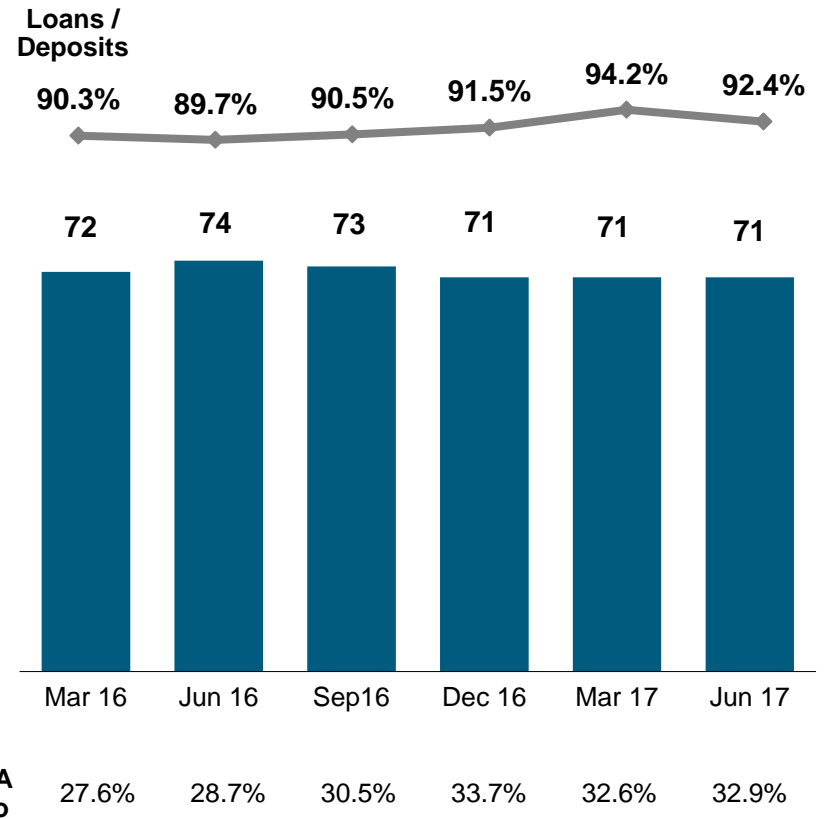
# OCBC Malaysia: Loans & Deposits

Customer loans stable YoY, NPL ratio at 2.3%; Deposits at RM 71b with CASA ratio at 33%

## Gross Loans (RM b)



## Deposits (RM b)



CASA Ratio

27.6% 28.7% 30.5% 33.7% 32.6% 32.9%



Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

# 2Q17 OCBC NISP's performance

Net profit increased 1% QoQ and 24% YoY

OCBC NISP	2Q17 IDR b	1Q17 IDR b	QoQ +/(-)%	2Q16 IDR b	YoY +/(-)%
Net interest income	1,515	1,413	7	1,341	13
Non-interest income	422	341	24	363	16
<b>Total income</b>	<b>1,937</b>	<b>1,754</b>	<b>10</b>	<b>1,704</b>	<b>14</b>
Operating expenses	(847)	(804)	5	(790)	7
<b>Operating profit</b>	<b>1,090</b>	<b>950</b>	<b>15</b>	<b>914</b>	<b>19</b>
Allowances	(342)	(205)	67	(304)	13
Non Operating Income	0	0	nm	0	nm
<b>Profit before tax</b>	<b>748</b>	<b>745</b>	<b>-</b>	<b>610</b>	<b>23</b>
Tax	(181)	(182)	(1)	(153)	18
<b>Net profit (IDR b)</b>	<b>567</b>	<b>563</b>	<b>1</b>	<b>457</b>	<b>24</b>
<b>Net profit contribution to Group (S\$m)<sup>1/</sup></b>	<b>50</b>	<b>50</b>	<b>1</b>	<b>53</b>	<b>(6)</b>
<b>Key ratios (%)</b>					
<b>Cost / Income</b>	<b>43.7</b>	<b>45.8</b>		<b>46.4</b>	
<b>CAR</b>					
- CET 1	16.6	17.3		17.9	
- Tier 1	16.6	17.3		17.9	
- Total CAR	17.5	18.2		19.0	

# 1H17 OCBC NISP's performance

Half year net profit rose 24% YoY

OCBC NISP	1H17 IDR b	1H16 IDR b	YoY +/(-)%
Net interest income	2,928	2,646	11
Non-interest income	763	699	9
Total income	3,691	3,345	10
Operating expenses	(1,651)	(1,557)	6
<b>Operating profit</b>	<b>2,040</b>	<b>1,788</b>	<b>14</b>
Allowances	(547)	(580)	(5)
Non Operating Income	0	8	nm
<b>Profit before tax</b>	<b>1,493</b>	<b>1,216</b>	<b>23</b>
Tax	(363)	(302)	20
<b>Net profit (IDR b)</b>	<b>1,130</b>	<b>914</b>	<b>24</b>
<b>Net profit contribution to Group (S\$m)<sup>1/</sup></b>	<b>100</b>	<b>93</b>	<b>8</b>
<b>Key ratios (%)</b>			
<b>Cost / Income</b>	<b>44.7</b>	<b>46.5</b>	
<b>CAR</b>			
- CET 1	16.6	17.9	
- Tier 1	16.6	17.9	
- Total CAR	17.5	19.0	



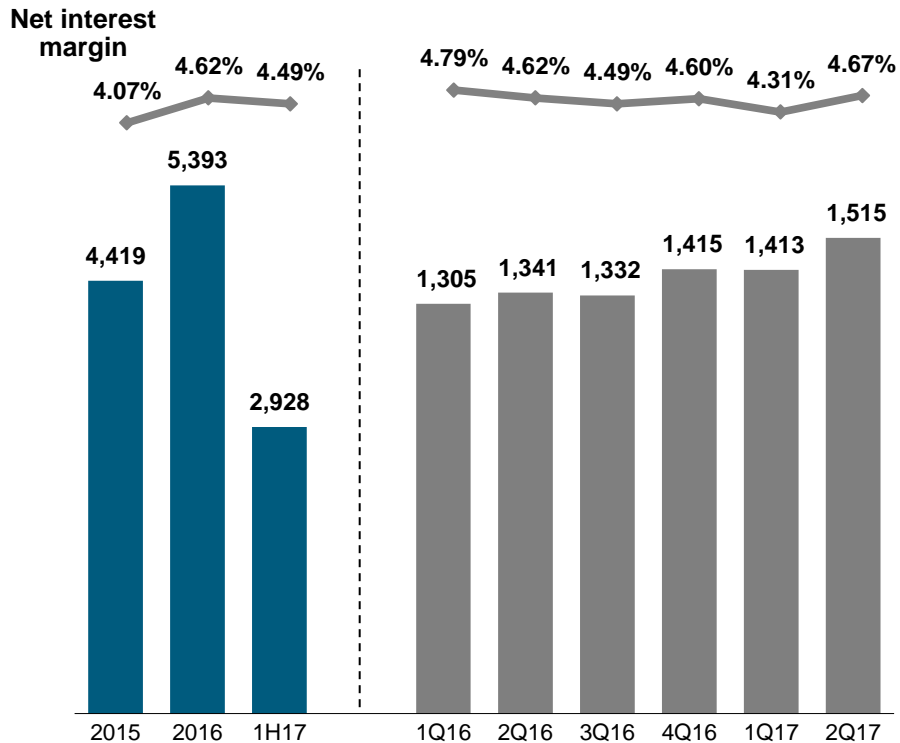
**OCBC Bank**

Note: Capital ratios are computed based on the standardised approach under the Basel III framework.  
1/ Net profit contribution to Group after adjustments to align to OCBC Group's policies.

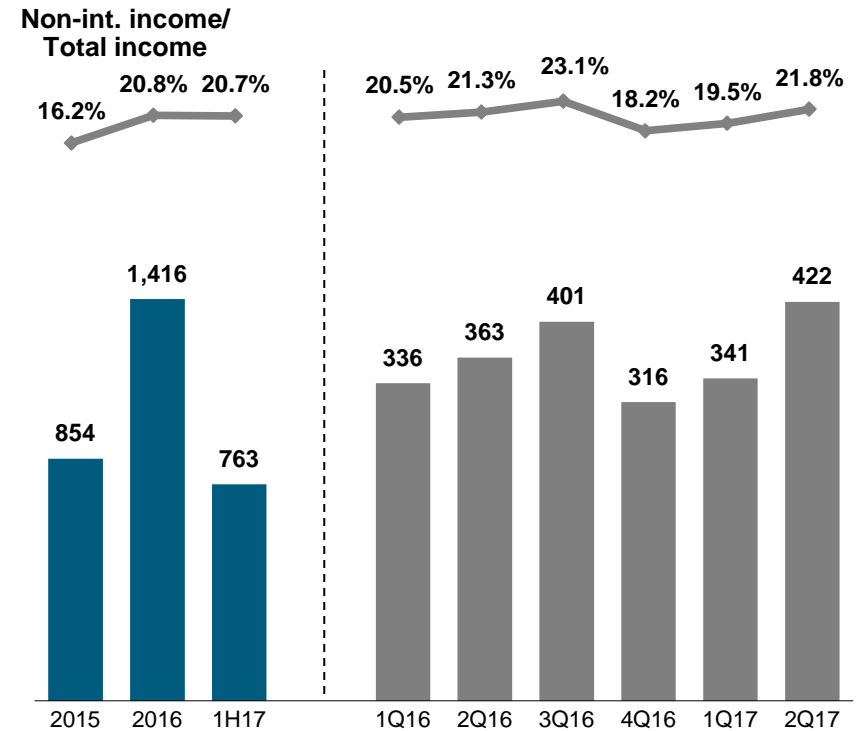
# OCBC NISP: Revenue

2Q17 Net interest income and non-interest income up 13% and 16% YoY respectively

## Net interest income (IDR b)



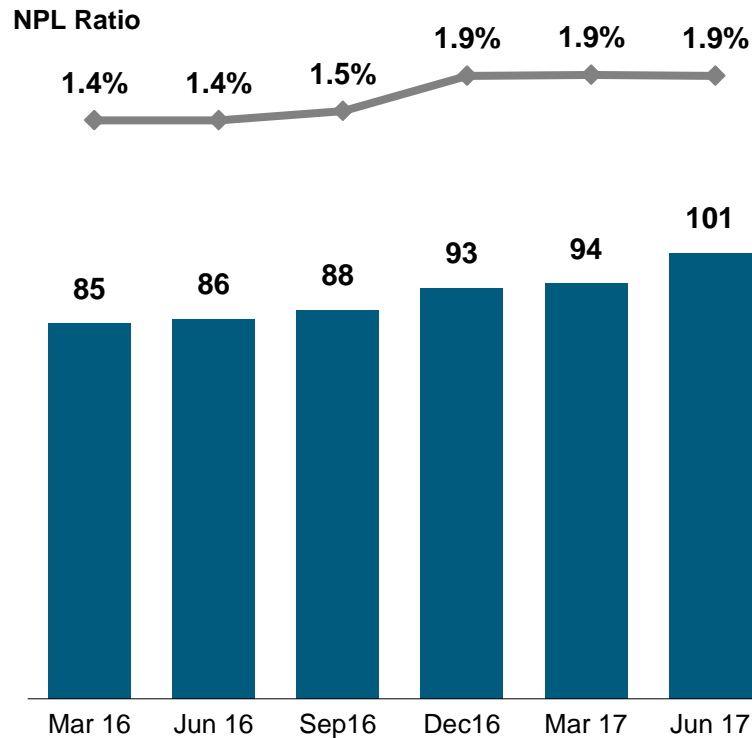
## Non-interest income (IDR b)



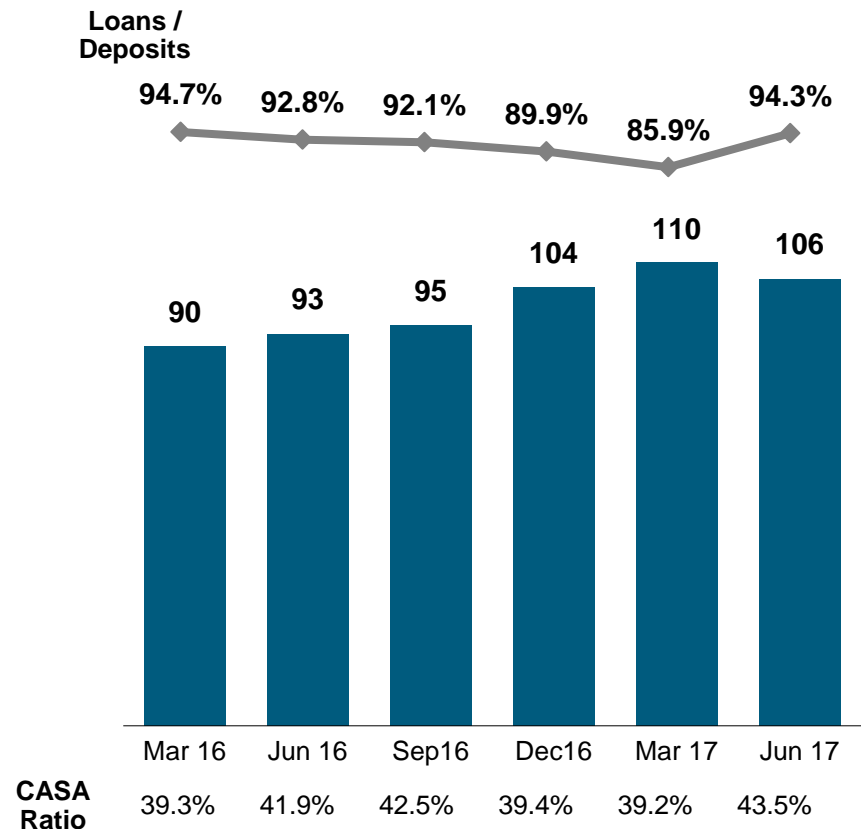
# OCBC NISP: Loans & Deposits

Loans grew 17% YoY, NPL ratio steady at 1.9%; deposits up 15% YoY

## Gross Loans (IDR t)



## Deposits (IDR t)





# **Second Quarter 2017 Results**

## **Thank You**